App. F. IX-4

8/

194/.

File No. 17-41

Previous References.
R S. 14-38-17, 18, 19, 21, 22, 23, (R S.)
25—44, 51
11-36-19, 60, 100, 146, 155, 157, 159, 166, 170-174
177, 178-180, 183-185, 195, 214, 217, 253,
Later References. 267, 282

Serial Nos. 7, 10, 15, 16, 17, 19, 20, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 40

PRESERVED

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. 18

R 118 (E)

Part B for Nov-42,

SUBJECT.

Amendment of Rule 6.B. of the Rules under the Cooperative Societies Act, 1918

Dec 23/11

G. R. S. APP. F. III—1]

GENERAL AND REVENUE SECRETARIAT.

(Bd) 1420

NOTES.

File No. 17-41

FILE HEADING

Rules under the Mysore Cooperative Societies Act

FROM The Registrar of Cooperative Societies in Mysore

No. 4527 Dated 22-10-41 Received 23-10-41

Diary No. 1420 Enclos. — Spare copies — Serial No. 7

BRIEF ABSTRACT OF LETTER

Requests in the circumstances mentioned sanction to the modification of the Rule 6 B relating to the retirement of directors of Cooperative Societies by rotation

NOTES AND ORDERS.

M. Bd. 11-36 (60 etc 284)
" 14-38 (17 etc 51)
P.

1) The Rs relating to the framing of the Rule 6 B regarding the retirement of directors of Cooperative Societies by rotation and the proper amendment of the Registrar's [illegible] question was asked to him and his views & [illegible] are placed below for perusal

2) On both the occasions, viz, at the time of framing the rule and at the time of the

NOTES—First Sheet

WD 0555—GPB—3,750—28-1-39

amendment

there was considerable opposition as can be seen from the several representations made in this behalf.

3) The Registrar now says that the Provincial Coop. Conference have passed a resolution stating that the rule be so amended as not to allow a person to be a president or a director for more than three years continuously and that the Bihar Govt has a rule that no member of the Committee who has served for three years shall be eligible for re-election without the previous approval of the Registrar and requests that the rule be modified as suggested by him

4) The rule as it is and as it is proposed to be amended is shown in pink paper for reference. Submit for orders

Flag T

31/10/41 1/11/41

5) What is the period of the term of office of the Committee ordinarily? Does it vary among the several societies? What is the max period that may be covered by the expression used by the Registrar "three terms of office of the Committee"?

4/4/42

It is submitted that the Committees of management of Coop. Societies are elected annually (vide portion marked in pencil in the existing and proposed rules). The term of one year does not generally vary except in the case of

Serial No.

Societies exempted by Government from the operation of the rule. The maximum period covered by the expression "three terms of office of the Committee" would be three years.

5/11/41 5/11 7) The Rules as proposed to be amended by me Registrar may be notified and objections called for

(Gen Secy) 7/11

9) (Edn Min) 7/11

7/11

9)

It is better in the first instance to consult the Co-operative advisory board. This may be sent back to the Registrar with instructions to place before the Ministry Committee

JDL
13.11.41

14/11 14/11

10)

Dft Sd
17/11/41.

11) Done
18/11

GENERAL SECRETARY. 7 NOV 1941 2835

OFFICE OF THE MINISTER FOR EDUCATION Date 8.11.41 No. 2610

TYPING SECTION 19 NOV. 1941 GEN. REV. SECTT.

NOTE—Cont. Sheet.

WD/C4155—GPB—55,000—23-10-41

4
CS

File No. (420 / 241) of 194 .

General and Revenue Secretariat

Serial No. 10

Ag 2469 Dt. 28.11.41 to the Regr. of C.S.

Request to place the amendment proposed before the Competent Advising Board under Report of Opinion of that Govt Govt

Letter No 7206/CS. dated the 7th January 1942 from the Registrar by furnishing the opinion of the Advising Committee re the amendment of the rules

1) It is held that out of the nine members three were absent, two gave their qualified and one was totally opposed to it. Messrs. Sivaramaya, Ramachandra Gowramma and Puttaiya were for the adoption of the amendment. Submitted for orders with reference to Para 9 above

13/1/42 10/1

13) Law Secy)

12/1

14) for perusal

Minister for Edn.)

Hm 2 13.1.42.

13/1/42

15) The amendment may be put into force in the Urban Municipalities.

MJ 21.1.42

Sr

16) Put up Draft notification

22/1/42

GEN. & REV. SEC. I. 3 DEC. 1941 REVENUE & FOREST BRANCH.

SECY. LAW DEPT. 401 12 JAN 1942 GOVT OF MYSORE

OFFICE OF THE MINISTER FOR EDUCATION Date 17.1.42 No. 3866

Serial No.	
17)	Draft preliminary notification is laid as directed 18) It is respectfully submitted that Rule 6B as at present is applicable only to the societies situated at the Head quarters and does not apply to societies situated in other mofussil areas. GENERAL SECRETARY. 30 JAN. 1942 22/1/42 93/1 19) for approval. Genl Secy) 30/1 20) 30/1/42 Done 30/1/42
16	AF 3915 — 2.5.2.42. — To the Comptroller, N.C. Publishes the draft rule amending R. 6B of the Rules under the Defence Co-operative Societies Act. Ref 3916 Comptroller Regd Offices to mfm Sub: Draft Rule 17 — Letter No. 272 dated 25/4/42 from the Secretary Bombay Govt. regd the objections to the framing of the rule published Sub B with the above and 16 to 17 24/4/42 GEN. & REV. SECT. 12 MAY 1942 AGRI. & FOREST BRANCH. 21) Submitted for perusal. The receipt of objections from others will be awaited 4/5/42 573 Sub B with the above and 9 above 5/5/42 GEN. & REV. SECT. AGRI. & FOREST BRANCH.

NOTE—Cont. Sheet.

WD 04155- GPB—55,000—23-10-41

6 3152 ∫ 3574 ∫ 3576

bs File No. 17 of 194 /. | General and Revenue Secretariat

Serial No.

Letter No 4579 dated the 20th March 1942 from the Honorary Secy the City Board forwarding a note on the Amendment to the rules proposed to be framed

Letter No 1460 dated 31-3-42 from the Secretary Bangalore City Board. Letter stating forwarding their opinion on the proposed amendment of the rules

2) The receipt of reference from the Heads of Municipality the opinion if any will be awaited and the question will be taken up in May 1942 Subs.

6/4/42 3) Why should the question be put off till May? It may be taken up now, since the time limit of 2 months has expired.

6/4

Letter No 906 dated 2/4/42 from the President of the Mysore Cooperative Institute forwarding a copy of the resolution of the Governing body of the Institute objecting the framing of the proposed rules

4) It is submitted that in the notification publishing the draft rules, it is said that objections may be forwarded within two months from the date of publication of the notification in the Mysore Gazette

Flag C
Copy of the Gazette dated 12/2/42

3576 / 3622
3670
3671

General and Revenue Secretariat | File No. | of 194 . | [App. F. III-2

Serial No.	
	The notification was published on 12/2/42 in the Gazette. The last date of the receipt of the objection will therefore be 12/4/42. The consideration of the objections will have to be taken after that date.
	6) Generally the objections are being received even for a week after the due date and the objections and suggestions are also taken up for consideration:
P.U.	7) The President of the Mysore Cooperative Institute has forwarded a resolution of the governing body of the Institute opposing the framing of the rule. While forwarding the proposals for amending the Rule, the Registrar intimated that Mr. C.S. Kuppuswami Iyengar was for all practical purposes in favour of the amendment submitted for perusal and was
Vol A	7) may be taken up for Consideration by US/R instant. 9/4
22	Letter No 7087 dated the 7th April 1942 from the Honorary Secretary, Bharatiya Seva Sangha Mysore Urs. Mysore opposing the amendment proposed
23	Letter No 9167 dated 24-4-42 from the Secy Gandhi Seva Sangha, Mysore The Mysore Cooperative Society Ltd opposing the amendment of the rule

NOTE—Cont. Sheet.

WD[C4165- G1'B—55,000—23-10-41

3622 3690 3713
3670 3699 3714
3671 3695 3715
3716
3726

8-

bs File No. 17 of 194 /.

General and Revenue Secretariat

	Serial No.
Letter No 2230 dated 8/4/42 from the Hony Secretary The Amirgn Cooperative Bank Ltd Opposing the amendment of the rule	24
Letter No 33 dated 10-4-42 from the Hony Secretary The Cooperative Federal Union Limited forwarding a copy of the resolution of the Union opposing the amendment	25
Letter dated 10-4-42 from Mr. V. Srinivasaraya Advocate Cuddapah opposing the amendment in a note	26
Letter No 285 dated 10-4-42 from the Secretary Central Paddy Growers Limited objecting to the amendment	27
Letter No 6919 dated 11-4-42 from the President The Bangalore Central Cooperative Bank Ltd. opposing the amendment of the rule and enquiring for explanation if the rule to be framed	28
Letter No 1272 dated 11-4-42 from the Manager Grain Merchants Coop. Bank Ltd opposing the amendment	29
Letter No 2830/Cs. dated 11-4-42 from the Secretary Bangalore Office Coop. Society Bangalore opposing the amendment and enquiring for explanation of the terms in case the rule is adopted	30
Letter dated 11-4-42 from Mr. C.E. Ramachandra favouring the amendment and suggesting slight modifications in the amendment rule	31

Serial No.

29) The opinions received from the several persons and institutions are summarised and placed below. The several points raised by the Societies and persons interested for and against the proposed rule are detailed below for reference

Arguments against the proposed rule :-

1) The rule is opposed to all democratic principles taking away the privilege of free choice of the electorate

2) The elimination of sitting members and experienced workers and the coming in of new set of persons without the full confidence of the general body destroys the continuity of policy and the confidence resulting in a loss to the institution. The elimination ought to be in the interests of the society as a whole and not as a matter of privilege to the members.

3) Even the Committee on Cooperation, though it opposed the Continuance of the Committee on bloc, did not object for a part of it and was for ensuring the continuity of the policy and the advantages of experience. Neither Madras nor Bombay have adopted this. Not even the Madras Committee on Cooperation has departed from the Chance

4) There is no Contingency in the rule in the absence of the required number for the coming and there is no time to obtain the permission of the Registrar, as the interval is too short. It is also not known whether persons once declared ineligible are debarred only for the ensuing election or all future elections

NOTE—Contn. Sheet.

WD 04155—GFB—55,000—23-10-41

40

File No. of 194 . General and Revenue Secretariat.

Serial No.

5) The resolution of the Provincial Cooperative Conference is not valid as the question was not at all brought up before the Conference as required by the procedure.

6) The proposed Amendment is a double disqualification Contrary to the recommendations of the Committee

7) The absence of long and experienced men previous the recovery of the amounts resulting in the increase of bad debts and ultimately results in the decline of business - especially those in Rural Societies

8) This rule works as a very great hardship especially now when there ought to be a continuity of policy and the Co-operation of experienced men is absolutely necessary to give effect to the emergency measures. The present situation requires Concentration and mobilisation of experience of long standing Co-operators to Organise the movements to ward off the evil effects of the war

9) While no restriction exists in respect of the election to the R. A. C and the Local bodies, the restriction in the field of Co-operation Cannot be justified. If necessary rule 6A or the Section may be amended so as to make it applicable to the President. The amendment is fraught with mischievous potentialities.

10) The amendment gives vast powers of favour and

Serial No.

disfavour to the Registrar and acts as a handicap to those not in his favour leading to unnecessary interference by the Registrar in the Composition of the Committee of management by the nominees of the Registrar indirectly. The vast powers granted to the Registrar have spoiled the esprit de-corps and have led to the formation of the opposing camps.

11) The application of the rule to district headquarters only leaving out more industrial and populous places like the K.G.F and Bhadravati etc acts as a very great handicap to the societies at the headquarters of Taluk districts creating an unnecessary distinction

12) The elimination of the older element leads to the capture of seats by rival political parties introducing politics in a non-political field like Cooperation.

13) The rule acts prejudicially on the working and official departmental societies where certain conditions of membership as to Committee and policy is very necessary.

30) As against the several objections noted above by eleven institutions or persons, only the Federal Cooperative Union Mysore and Mr. C.E. Ramaiah have supported the amendment. The former have not assigned any reason for doing so while the latter says that the movement is controlled by a few individuals unwilling to give place to others and that this attitude must cease and facilities to

NOTE—Contn. Sheet.

WD 04155—GPB—55,000—23-10-41

12

File No. of 194 . | General and Revenue Secretariat.

Serial No.

a stream of
should be given for ~~the~~ fresh workers in case certain particular individuals are not in office. This would necessitate the voluntary retirement of hard boiled cooperators by imposing on themselves a self denying ordinance. The proposed rule, while removing the monopoly by a few individuals, will also not give room to fraud and nepotism which will not come to light if the same set of persons are there for a long time. The present experience, according to him, is that the one third who now go out are those who have served the shortest periods defeating the very objects of the rule. Mr. Ramachandra suggests certain modifications to the rule to avoid inconveniences

3) The more important among the several objections raised are 1) the arbitrariness nature of the restriction proposed at the Nagpur Provincial Cooperative Conference 2) absence of suitable provision in the rules in case the required number of candidates are not forthcoming very little time being left in the interval for obtaining the permission of the Registrar by candidates not eligible to stand for election under this rule 3) the danger of the capture of seats by rival political parties introducing politics in a non-political field like Cooperation 4) the vast power of favour or disfavour conferred on the Registrar leading to the indirect interference by the Registrar into the independent nature of the elections. 5) non-applicability of the rule to

3699/37

13

Serial No.

more populous and industrial areas which are not
Dt Headquarters and applicability of the rules to the
Dt Headquarters like Hassan, Chickmagalur which are
not so prosperous

32) There is also a suggestion to amend the restriction only to
Officer loans like the Present, by suitably amending
Rule 6 A which is now applicable only to Chairmen of the
Societies. Some of the Cooperative Societies especially
the official departmental Societies and the State Banks
request that they may be exempted from the operation of
the rules. Messrs G. Krishnaswamy and C.E. Ramaiah
have suggested amendment and these are also now
in a Statement placed in the file.

33) The amendment of this rule met with a lot
of opposition in the past and in view of the feeling
that prevailed it was decided that the provision
might be kept for the present. This time also there
is considerable opposition to the amendment, even the
validity of the restriction of the Provincial Cooperative
Institutions being questioned. Some of
the objections that have been raised seem to require
a reply from the Registrar as to how he would overcome
them. On the other side there is the support of Mr. C.E
Ramadas with his amendment. If approved the
Registrar of Co-op. will be consulted on the various objections
received and also on the amendment proposed by Mr
Ramadas. Submitted for orders

KD 4/8/42

32)
I regret I was unable to submit this
file earlier owing to pressure of work
and also due to the fact that the
objections covering over 80 pages had
to be gone through carefully before
noting upon the question, which
had to be done only when a little
leisure was available. Subd
KD 4/8/42

NOTE—Contn. Sheet.

WD 04155—GPB—55,000—23-10-41

3699/A7 | 3726/A7

CS File No. 17 of 194 /. General and Revenue Secretariat.

Serial No.

Approved

30) Further remarks of the Registrar will ~~may~~ be called for on the several kinds of objection that have been prefered for the proposed amendment, Unofficially. There seems to be overwhelming opposition to the amendment

Gene Secy) 8/8/42

GENERAL SECRETARY. 10 AUG. 1942 981

36) Edn Minister) 10/8

OFFICE OF THE MINISTER FOR EDUCATION Date 11-8-42 No. 787

Office of the Registrar of Co-operative Societies 18 AUG. No 1146

37) 13.8.42 13/8 13/8

Memo

38) Forwarded with Compliments to the favour of Registrar of Cooperative Societies in Inspra for remarks Unofficially

By order

15/8/42 for Genl Secretary to Government

D.O. No. A7. 41 dt 15-8-42 17

3725

15

Serial No. 3138ES/21.9.42

Retrasmitted with compliments;

39) This draft rule purports to give effect to a resolution passed at the last Provincial Co-operative Conference. Most of the persons who have supported this resolution and by whose votes it has been passed are representatives of rural Co-operative Societies which societies the rule does not concern at all. The representatives of urban societies whom this rule really affects seem on the other hand opposed in a body to it as seen from the objections sent by them to the promulgation of this rule. All the precautions that appear necessary to be taken when a new committee is to be constituted are:

(1) that a fresh element is introduced into the committee of managment every year, and

(2) that office-bearers such as secretaries who hold fiduciary positions and posts of influence do not remain in those positions for more than three years consecutively.

40) These accord with the recommendations of the Committee on Co-operation also, and have been provided for under Rules.6 A and B.

41) The present proposed draft rule goes further however, and prevents any person from serving on the committee of management of a society for more than three years consecutively. The idea behind it may be that it should not be possible for any power-ful clique being formed in the committee of management, who, though undesirable, could not be displaced on account of the hold they may have over the general

GEN 22 SEP. 1942 GTT

Civil Secs Cy CS

CHIEF 22. SEP. 194 GOVT. OF MYSORE.

NOTE—Contn. Sheet.

WD 04155—GPB—55,000—23-10-41

Serial No.

general body. If that is the idea, it can still be defeated in as much as such persons may drop out for only one year and again get in at the next election and continue for another term of three years. While thus the proposed rule cannot effectively prevent such a contin - gency, it would have the effect of shutting out many of the pioneer directors of a society who built it up, who still continue to take an active interest in its affairs, who, by their social positions and their past services and by their ripe experience and mature judgment can lend weight to the management of societies, who continue to command the confidence of the - general body and whose continued services might prove of immense help to the society. If any undesirable person, however, manages to get himself elected year after year, the exist- ing Rule 21 arms the Registrar with sufficient powers to remove him without invoking the aid of a new Rule to prevent his entry.

Thus, considering that there is no imminent necessity for the proposed Rule and that very many of the representatives of societies which are affected by the Rule are opposed to it, and that the object underlying the Rule can be achieved otherwise, the passing of the Rule, may for the present be stayed.

K. Subbarao

Registrar

Amendment Rule 6B of the C.S. Rules

General and Revenue Secretariat | (b) File No. 17 of 194 | App. F. III—2

Serial No.

(a) It is submitted that in the proposed amendment to rule 21 of the rules, the Registrar is empowered to order the removal of an office of the society for such period not exceeding three years, as he may deem necessary and the person so removed is not eligible to be an office of another registered society during the period for which such order is in force. Objections have been received to this rule and the question is submitted herewith for consideration

(b) As even under the existing rule 21 the Registrar has sufficient power of removing an office and as even at the time of the framing of the proposed rule 6 B, there is little scope to circumvent it for all practical purposes, and in view of the volley of opposition to the framing of the rule, it is for consideration whether the rule as recommended by the Registrar, the framing of the rule may be stayed and the Registrar may be informed accordingly. Submitted for orders

(c) The previous Reg[r] of C.S was of opinion that the Amendment of Rule 6B of the C.S. rule, was very desirable, supporting the opinion of the majority of the Standing Committee of the Co-operative Advisory Board of which he was also a member

NOTE—Contn. Sheet.

WIS 0155—GPB—55,000—23-10-41

(12) Amendment of Rule 68 of the C.S Rules

5716
AF

File No. 17 of 1941. | General and Revenue Secretariat.

Serial No.

The rule ~~was~~ proposed to be amended was notified objections, if any to the same were called for ~~from the~~ within two months from the date of the notification (5.2.42).

40) After the receipt of the opinions from the several societies, the present Regr of C.S was ~~given~~ consulted in regard to the proposed amendment, as there was a great opposition from many societies for passing the proposed amendment.

41) The opinion of the Regr C.S. is at pages 39-42 He considers that for reasons set forth by him, the question of amending the rule as proposed may be dropped, for the present.

42) It is for consideration whether in the circumstances the opinion of the present Regr of C.S may be accepted. Subject with reference to the orders of the Education Minister at paras 9 and 37 above

(Gen Secy)

14
7.10

H.C.M

GENERAL SECRETARIAT
8 OCT 1941

(Amendment of Rule 6B of C.S. Rules)

372i

Serial No.

(49) Though it may be necessary on general principles, to avoid chances of certain members being formed or vested interests being created, there is also considerable force in the arguments advanced that the elimination of persons in whom the general body have confidence & who have been instrumental in raising any society to a flourishing condition by their self-less enthusiastic work, may adversely affect the working of such societies in view of the considerable opposition expressed by the Urban societies, the amendment of the rule may perhaps be dropped for the present, as opposed to the present Regulation. Edn Minister.

50) May be dropped

10/10

10.10

14.10.42

15/10

51) Put up as above

20/10/42

21.10

OFFICE OF THE MINISTER FOR EDUCATION
Date 11.10.42
No. 1821

NOTE—Contn. Sheet.

WD 04155—GPB—55,000—28-10-41

Ans. 21/11/42 81.60 | 24.10.42 | 26.10.42 | To Regr of Cos.

Stated that the question of the Amendment of Rule 6B of the Rules under the C.S. Act may be dropped for the present.

Rule 6 B as existing

The Management of every society situated at District Headquarters shall vest in a committee consisting of not less than five and not more than fifteen members elected annually in accordance with the bylaws of the Society. Such bylaws shall make provision to ensure that not less than one third of the total number of members of the Committee shall be persons who have not served at any time during the previous year on the Committee of management

The Registrar may, in the case of any society in which he considers that facilities for the enforcement of such restriction do not exist, permit all or any of the retiring directors to stand for re-election

Nothing in this rule shall apply to the Apex Bank, the Central Land Mortgage Bank, and the Indian Cooperative Institute and to any other Cooperative institution which may be exempted by Government from the operation of this rule.

Rule 6 B as proposed

The management of every society situated at District Headquarters shall vest in a Committee Consisting of not less than five and not more than fifteen members elected annually in accordance with the bylaws of the Society. Such bylaws shall make provision to ensure that not less than one third of the total numbers of members of the Committee shall be persons who have not served at any time during the previous year on the Committee of management and that no person shall be eligible for re-election to the Committee of management, if he has served on the Committee Consecutively during three terms of Office of the Committee immediately preceding to the election

The Registrar, may, in the case of any society in which he Considers that facilities for the enforcement of such restriction do not exist permit all or any of the members of the Committee to stand for re-election

Nothing in this rule shall apply to the Apex Bank, the Central Land Mortgage Bank and the Indian Cooperative Institute and to any other Cooperative institution which may be exempted by Government from the operation of this rule.

Amendment proposed by Mr. Y. Srinivasaya.

The management of every society situated at District Headquarters shall vest in a Committee consisting of not less than five and not more than fifteen members elected annually in accordance with the bylaws of the society. Such bylaws shall make provision to ensure that not less than one third of the total number of members of the Committee shall be persons who have not served on the Committee of management and that if there are more than one third of the newly elected Committee who have been consecutively for five terms or more, those in excess of one third will be replaced by others among the candidates who secure the next lower vote.

The Registrar may in the case of any society in which he considers that facilities for the enforcement of such restriction do not exist permit all or any of the members of the Committee to stand for re-election.

Nothing in this rule shall apply to the Apex Bank, the Central Land Mortgage Bank and the Primary Cooperative Institute or to any other Cooperative institution which may be exempted by Government from the operation of this rule.

Amendment proposed by Mr. C. E. Ramachandra

The management of every society situated at District Headquarters shall vest in a Committee consisting of not less than five and not more than fifteen members as may be fixed by the bylaws of the society. The members of the Committee shall be elected annually in accordance with the rules of election framed under the Mysore Cooperative Societies Act. The bylaws of such societies shall make provision to ensure that no less than one third of the total number of members of the Committee shall be persons who have not served at any time during the previous year and that no person shall be eligible for reelection to the Committee of management if he has served on the Committee consecutively during three terms of office of the Committee immediately preceding to the election.

The Registrar may, in the case of any society, in which he considers that facilities for the enforcement of such restriction do not exist, permit all or any of the members of the Committee to stand for re-election.

Nothing in this rule shall apply to the Apex Bank, the Central Land Mortgage Bank and the Primary Cooperative Institute or to any other Cooperative institution which may be exempted by Government from the operation of this rule.

No. 4527 C. S.

GOVERNMENT OF MYSORE.

C.S. 17-41-7

DEPARTMENT OF CO-OPERATION

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE,

Telegraphic Address
"CO-OPERT"
Bangalore.

Dated Bangalore, 22 October 194 . 1420 A.71

FROM

M. ABDUL HUKH, ESQ., B.A.,
Registrar of Co-operative Societies in Mysore,
BANGALORE.

To

GENERAL SECRETARY. 23 OCT 1941 C.S.

J. Appaji Gowda, Esqr., B.A., (Hons),
General Secretary to Government of
Mysore, Bangalore.

GEN. & REV. SECTT. 23 OCT. 1941 AGRI. & FOREST BRANCH.

Sir,

Adverting to correspondence ending with your letter No.A.F.5242/C.S. 14-38-51 dated 2nd April 1940 intimating that the amendment of Rule 6-B of the Rules under the Mysore Co-operative Societies' Act may lie over for the present, I have the honour to state that the marginally noted resolution was passed at the 28th Mysore Provincial Co-operative Conference held at Mysore during the Dasara season on the 28th and 29th September 1941 by an overwhelming majority. The Rule as amended by the resolution would read as follows:-

> "That the following be added at the end of the first paragraph of Rule 6-B of the Rules under the Mysore Co-operative Societies' Act;"
>
> And that no person shall serve on any committeeof management either as President or Director for more than three years consecutively".

6-B . The management of every society situated at District Head-quarters shall vest in a committee consisting of not less than five and not more than fifteen members elected annually in accordance with the byelaws of the society. Such byelaws shall make provision to ensure that not less than one third of the total number of members of the committee shall be persons who have not served at any time during the previous year on the committee of management and that no person shall serve on any committee of management either as President or Director for more than three years consecutively.

The Registrar may in the case of any society in which he

he considers that facilities for the enforcement of such restriction do not exist permit all or any of the retiring directors to stand for re-election. Nothing in this rule shall apply to the Apex Bank, the Central Co-operative Land Mortgage Bank and the Mysore Co-operative Institute and to any other co-operative institution which may be exempted by Government from the operation of this Rule"

The resolution is an indication of the feeling that is prevalent among co-operators that some members of the committees of management of societies manoeuvre to get elected year after year, monopolise for themselves positions of patronage, trust and responsibility and continue to manage the affairs of the institutions in their hands to their own selfish ends for unduly long periods and do not give any reasonable opportunity for service to competent and enthusiastic new entrants to the co-operative field.

On the recommendation of the Chandrasekhara Iyer Committee on Co-operation in Mysore that "the byelaws of societies should provide for the compulsory retirement by rotation of a certain proportion of committee members every year and their replacement by new members", Government in their order No.D.5633-34/C.S. 11-36-60 dated 19th February 1937 were pleased to direct the Registrar to furnish a draft Rule. The draft Rule was published in Government Notification No-D.1176/C.S. 11-36--146 dated 3rd August 1937 and suggestions and objections thereto were invited. The question was considered by the Co-operative Conference in 1937 and in deference to the wishes of the Conference, certain amendments to the original proposal were made in this office un-official note No.6231/C.S. dated 12th February 1938. Accordingly the present Rule 6-B was promulgated by Government Notification No.D.6990/C.S. 11-36-253 dated 30th March 1938. Since then, much water has flown under the bridge and it has been found that in many of the major institutions, the management is monopolised by the same set of people throughout, though every year a third of the committee is replaced by new men in accordance with the Rule, but in actual practice it is this one third, composed of the new elements that is replaced year after year, leaving the remaining two thirds untouched. These have, so to say, created a sort of vested interest in them with the result that the proper working of the

the institutions has been hampered and it has been found difficult to get any improvements effected until these persons with vested interests are removed from the committee.

Rule 6-A provides that no person shall continue as Hon. Secretary continuously for more than three years but in the case of some societies the person continues on the committee and though another is nominally appointed as Hon. Secretary the previous Secretary will be the defacto Secretary. In the larger interests of the institutions concerned, it is desirable that the principle of Rule 6-A should be extended to all the members of the committee. In Bihar, there is a rule that "No member of the committee of management, who has served on the committee for three years, shall be eleigible for re-election without the previous approval of the Registrar". The Registrar of Co-operative Societies, Madras, brought up a subject viz., "Is it desirable to prohibit persons from holding the office of the President, Secretary and Director of a society for a period exceeding a certain number of years?" for discussion at the 13th All India Co-operative Conference held in December 1939 and suggested that a time limit of 5 years may be fixed but it was not discussed at the Conference.

Considering all aspects of the case, I recommend that Rule 6-B of the Mysore Co-operative Societies' Rules may be amended as follows:-

"6-B. The management of every society situated at District Head-quarters shall vest in a committee consisting of not less than five and not more than fifteen members elected annually in accordance with the byelaws of the society. Such byelaws shall make provision to ensure that not less than one third of the total number of members of the committee shall be persons who have not served at any time during the previous year on the committee of management and that no person shall be eligible for re-election to the committee of management if he has served on the committee consecutively during three terms of office of the committee immediately previous to the election.

The Registrar may in the case of any society in which he considers that facilities for the enforcement of such restriction do not exist permit all or any of the members of the committee to stand for reelecti

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

reelection. Nothing in this Rule shall apply to the Apex Bank, the Central Land Mortgage Bank, and the Mysore Co-operative Institute and to any other Co-operative Institution which may be exempted by Government from the operation of the Rule".

I have the honour to be,
Sir,
Your most obedient servant,

Registrar.

jsp.22/10.

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

General and Revenue Secretariat.

No. A 72469
C317-41-10

Dated, Bangalore, the 25th November 1941.

FROM

The Secretary to the Government of His Highness the Maharaja of Mysore.

General Department.

To

The Registrar of Co-operative Societies in Mysore,
Bangalore.

S i r,

With reference to your letter No.4527/C.S. dated the 22nd October 1941 regarding the amendment of rule 6-B of the Mysore Co-operative Societies Rules, I am directed to request you to place the amendment proposed before the Co-operative Advisory Board and furnish Government with the opinion of that body.

I have the honour to be
Sir,
Your most obedient servant.

for Secretary to Government,
General Department.

HSS-2

Appen dix F G—1]

SUBJECT.....

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Section C-S.

File No. 17-41

Serial No. 10

Diary No. of letter replied to.....

No. A 72469

To The Regr of C.S.

Sir, With refce to your letter no. 4527/C-S. d 22/10/41 re the amendment of Rule 6-B of the Mysore Coop-Societies Rules, I am directed to request you to place the amendment proposed before the Coop. Advisory Board & furnish the Govt with the opinion of that body.

I have etc

for Secretary

17/11/41

General and Revenue Secretariat

( )

the *193* .

Date of issue 24-11-41

Signed by

List of enclosures.....

Copied by.....

Examined by.....

WD 0563—GPB—30,000—6-1-39

2417

GOVERNMENT OF MYSORE.

No. 7206 .C.S.

Enc.

DEPARTMENT OF CO-OPERATION.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

Dated Bangalore 7th January 1942.

Cs. 17-41-15

GEN. & REV. SECT. 8 JAN. 1942 AGRI. & FOREST DEPTT.

From

M. Abdul Hukh, Esqr., B.A.,
Registrar of Co-operative Societies
in Mysore, B a n g a l o r e.

To

GENERAL SECRETARY. 8 JAN. 1942

Appaji Gowda, Esqr., B.A., (Hons),
General Secretary to Government of
Mysore, B a n g a l o r e.

Sir,

Subject:- Amendment of Rule 6-B of the Mysore Co-operative Societies Rules.

Adverting to correspondence ending with your letter No.A.F. 2469/C.S. 17-41-10 dated 24th November 1941 requesting me to place the amendment proposed to Rule 6-B of the Mysore Co-operative Societies Rules before the Co-operative Advisory Board and furnish Government with the opinion of that body, I have the honour to state that a meeting of the Standing Advisory Committee of Co-operators was held on Tuesday the 23rd December 1941 at which the subject was discussed. Two members of the committee viz., Messrs H. V. Ramaswamy and C. Narasimhayya were absent.

2. The subject viz., amendment of Rule 6-B in accordance with the resolution passed at the last Mysore Provincial Co-operative Conference had also been tabled for discussion by Lokasevasaktha Mr. C. S. Kuppuswamy Iyengar and the reference from Government on this question was also placed before the committee.

3. The members of the committee were not unanimous in

their opinion. Mr. B. Vasudevamurthi B.A. LL.B., was of opinion that the amendment was not necessary inasmuch as it would shut out the most popular members from serving on the committees for long periods. He had opposed the resolution at the Provincial Co-operative Conference also. Lokasevasaktha Mr. C. S. Kuppuswamy Iyengar was of opinion that a distinction should be made between office bearers exercising executive functions and ordinary committee members and that in the case of the former such restrictions might be placed but not in the case of the latter. Messrs. M. Shivabasappa, B. K. Ramadhyani and K. N. Guruswamy were of opinion that the amendment of the rule as proposed and as resolved at the last Provincial Co-operative Conference was very desirable in the larger interests of the movement and since the rule as proposed provided for permission being granted by the Registrar in his discretion to deserving persons in necessary cases to stand for re-election, there should be no objection to it. Mr. B. Puttaiya went a step further and desired to fix a maximum of seven years' service for a person on the committee, whether intermittently or consecutively after which he should retire altogether from the committee. Mr. Jayathirthachar agreed with Mr. Kuppuswamy Iyengar in that a distinction should be made between office bearers exercising executive functions and other committee members and opined that the automatic retirement of persons who have been on the committee for the longest periods consecutively was a better arrangement.

Thus the majority including myself is in favour of the amendment. As in the case of most societies the presidents and secretaries and other office-bearers exercise executive functions, Messrs Kuppuswamy Iyengar and Jayathirthachar are for all practical purposes in favour of the amendment. The movement requires more and more workers. Why, any one set of persons should monopolise positions of trust, responsibility and patronage is a thing which cannot be understood. It is certainly to the good of the institutions that more of their

their
~~its~~ members get the necessary training to run them in a true Co-operative spirit for the benefit of all. Every body knows that no person is indispensable in any sphere of human activity. Co-operation and monoply are poles apart. The real greatness of a Co-operative Worker lies in giving an opportunity to his brethren to run the institution, himself always being ready to offer the benefit of his experience to them. In these circumstances, I request that Government may be pleased to approve of the amendment to the Rule as proposed by me in accordance with the resolution of the conference.

I have the honour to be,
Sir,
Your most obedient servant,

Registrar.

jsp.3/1.

Appendix F G—1]

SUBJECT... ..... 10 Govt

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Section 65

File No. 17-41

Serial No. 16

No. A 7-3915

Diary No. of letter replied to..... .....

General and Revenue Secretariat

( )

the *193* .

Date of issue 5-2-42

Signed by Mr J.A.G.

List of enclosures..... .. ..

Copied by.....

Examined by.....

Notification.

In exercise of the powers vested in them under section 44 (2) (g) of the Mysore Co-operative Societies Act VII of 1918 as amended from time to time, the Govt. of H.H. the Maharaja of Mysore are pleased to publish for general information the following draft rule amending Rule 63 of the Rules under the aforesaid Act in the matter of appointment of members of the Committee of management of Co-operative Societies ~~Limited~~ at District Headquarters

Any suggestions or objections to the proposed rule may be forwarded in writing to the General Secretary to Government within two months from the date of publication of this notification in the Mysore Gazette after which the draft rule will be taken up for consideration

Any suggestions or objections received after the one date will not ~~be~~ be considered

(Here enter the portion marked

rackets in the F.U.D.J.

B. O

To The Compiler Kingpra Gazette for publication in Part IV of the Gazette in English and Kannada with the request that ~~100~~ 50 copies of each of the notification may be sent to the Registrar of Cs. and 25 copies each to this office.

Memo A 73916 dy 5-2-62

Copy of the above is forwarded with Compliments to the Registrar of Coop. Societies in Mysore for information

B. O

for Secretary

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

No. A 73915
CS 17-41-46

General and Revenue Secretariat,

Dated Bangalore, 5th February 1942.

NOTIFICATION.

In exercise of the powers vested in them under Section 44(2)(g) of the Mysore Co-operative Societies Act VII of 1918 as amended from time to time, the Government of His Highness the Maharaja of Mysore are pleased to publish for general information the following draft rule amending Rule 6B. of the Rules under the aforesaid Act in the matter of appointment of members of the Committee of Management of Co-operative Societies at District Headquarters.

Any suggestions or objections to the proposed rule may be forwarded in writing to the General Secretary to Government within two months from the date of publication of this notification in the Mysore Gazette after which the draft rule will be taken up for consideration.

Any suggestions or objections received after the due date will not be considered.

"6-B. The management of any society situated at District Head-quarters shall vest in a committee consisting of not less than five and not more than fifteen members elected annually in accordance with the byelaws of the society. Such byelaws shall make provision to ensure that not less than one third of the total number of members of the committee shall be persons who have not served at any time during the previous year on the committee of management and that no person shall be eligible for re-election to the committee of management if he has served on the committee consecutively during three years of office of the committee immediately previous to the election.

The Registrar may in the case of any society in which he

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considers that facilities for the enforcement of such restriction do not exist, permit all or any of the members of the committee to stand for re-election.

Nothing in this Rule shall apply to the Apex Bank, the Central Land Mortgage Bank, and the Mysore Co-operative Institute and to any other Co-operative Institution which may be exempted by Government from the operation of the Rule".

By Order,

Secretary to Government
General Department.

To

The Compiler, Mysore Gazette, for publication in Part IV of the Gazette in English and Kannada with the request that 50 copies of each of the notification may be sent to the Registrar of Co-operative Societies and 25 copies each to this office.

OFFICIAL MEMORANDUM

3152

No. 272

Enc. 1

GENERAL SECRETARY. 27 FEB. 1942

From

THE HONORARY SECRETARY
KOLAR CO-OPERATIVE SOCIETY LTD.,
KOLAR.

CS17-41-17

KOLAR

Dated 25th Feb. 1942.

To

The Secretary to Government,
General Department,
Public Offices,
Bangalore.

Sir,

I have the honour to forward herewith a copy of the resolution of the Managing Committee containing the objections to the proposed rule 6 B of the rules under the Mysore Co-operative Act as per Notification No. A.F.3915 C.S.17-41-16 dated 5-2-1942 for favourable consideration at the hands of the Government.

In this connection, I should like to bring to your kind notice some of the points raised during the discussion of the above at the Committee Meeting.

The proposed amendment of the Rule is opposed to all democratic and cooperative principles. It is not possible to understand why such an amendment is required. The existing rule provides for new elements to the extent of not less than one third of the Committee of Management to come in every year. This is an ample provision for new members to come in and acquire experience and if necessary to bring to light any of the short-comings or defects in the institution.

Again to restrict the powers of the General Body to exercise their right of freedom to elect persons in whom they have got confidence

is paying a very poor compliment to the electorate of Societies in District head-quarters places. Further in some societies there are members who founded the Society and nurtured it as if it was his own child and are taking very keen interest in its advancement. This restriction will throw cold water on such selfless enthusiastic non-official public workers.

Coming to the practical side of the question, the absence of members in whom the General Body have got confidence might result in a run on the societies and thereby to their ruin. Again if sufficient number of fresh candidates are not forthcoming, the rule does not provide for such contingency. The 2nd paragraph no doubt empowers the Registrar to permit all or any of the Committee Members to stand for re-election in the case of any Society in which he considers that "facilities for the enforcement of such restriction do not exist". So long as the membership of any Society exceed 15 there is always the facility to enforce such restriction. But the question is when should such permission be sought for from the Registrar and when it would be granted. The absence of sufficient number for-theoming would be known only 2 or 3 days before the Annual General Meeting. There would be hardly any time to apply for or obtain permission. Further some of the founder members might not come forward with applications for permission. The point also arises who has to apply for permission. For instance in Kolar District Head Quarter,place there are nearly a dozen Societies and in most societies the proposed rule would create a very great hardship. There is no need to make a rule and give the Registrar power to exempt.

The object of the proposed rule seems to me to aim at ousting some prominent and influential members, who have been responsible for the present position of the institutions and not for providing entry to fresh people. I fail to see the harm of continuing some members on the Committee of Management. On the other hand their presence would create confidence in the public as well as its constituents. If it is

thought that such members would form a clique and work against the institution it would be paying a very poor compliment to the Co-operative Department. In each Society there will be an internal auditor, and a general certified auditor appointed by the Registrar. There is an Inspector for every 30 or 40 societies who inspects every year. There is an Assistant Registrar for a District or two who also inspects. Lastly there will be at least three new members of the Committee. Are not all these sufficient safe-guards against bad or improper working of an institution? I am afraid this proposed rule is aimed at a particular institution. To frame a general rigid rule under such circumstances is opposed to all fundamental principles of jurisprudence. In one word I might say that the remedy proposed is worse than the disease, if any.

Taking all these into consideration, I hope the Government would kindly drop all ideas of framing the proposed rule as the existing rule as amended in the year 1938 only gives ample provision for fresh blood coming into the Societies every year.

I have the honour to be,
Sir,
Your most obedient servant,

Hon. Secretary.

Enc. 1.

Extract from the Proceedings of the Ordinary monthly meeting of the Kolar Co-operative Society, Ltd., held on Saturday the 21st February 1942.

Mr. T. S. Venkatachar, President, in the Chair.

I & II x x x

III. Consideration of the Proposed Draft Rule to 6 (B) of the Rules under the Mysore Co-operative Act in regard to election from the Managing Committee of Societies situated at District Head-quarter places:--

Resolution.-- The Committee is of opinion that in the interest of the Societies, it is not desirable to incorporate the latter part of the first paragraph viz., that no person shall be eligible for re-election to the Committee of Management if he has served on the Committee consecutively during three terms of office of the Committee immediately previous to the election, and the provision for importation of fresh members, viz., that not less than one-third of the total number of members of the Committee shall be persons who have not served at any time during the previous year on the Committee of Management, would quite serve the purpose.

IV to VI x x x

Sd. T. S. Venkatachar,

President.

True copy
Hon: Secy

The City Co-operative Bank, Limited, Mysore.

Established in 1910

NEW CURZON PARK ROAD,
MYSORE,

All Communications to be addressed to
"THE HONORARY SECRETARY"

In reply please quote
No. 4619

Dated, 29 MAR 1942

CS 17-4-192

3574 A07

REV. SEC.
1 APR. 1942
AGRL. & FOREST BRANCH.

From

The Honorary Secretary,
City Co-operative Bank, Ltd.,
Mysore.

To

The General Secretary to
the Government of H.H. the Maharaja of Mysore,
Public Offices, Bangalore.

GENERAL SECRETARY.
1 APR. 1942
CS

Sir,

In accordance with the resolution of the Board of Directors passed in their meeting held on 28-2-1942, I have the honour to submit herewith, objections to the proposed draft rule amending Rule 6-B of the Rules under the Co-operative Societies Act, in the matter of appointment of members of the Committee of Management of Co-operative Societies at District Headquarters, published in the Mysore Gazette dated 12th February 1942, in part IV at page 45-46 under notification No.A.F.3915-C.S.17-41-16, dated Bangalore the 5th February 1942.

I have the honour to be,
Sir,
Your most obedient Servant.

Encls:-3.

TGV/-

29/3/42
Hon. Secretary.

THE CITY CO-OPERATIVE BANK,LTD.,MYSORE.

Objections to the proposed draft rule amending Rule 6-B of the Rules under the Co-operative Societies Act, in the matter of appointment of members of the Committee of Management of Co-operative Societies at District Headquarters, published in the Mysore Gazette dated 12th February 1942, in part IV at page 45-46 under Notification No.A.F.3915 C.S. 17-41-16, dated Bangalore the 5th February 1942.

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1. One of the important objections to the proposed Rule is, that the Co-operative Institutions being democratic Institutions, the rights and liberties of the General Body in selecting their representatives to the Committees of Management should not be restricted or curtailed in the manner in which the rule if brought into force would operate. The General Body would be deprived of its legitimate right to elect any member of an Urban Co-operative Society, who in the opinion of members is desirable for having served the Institution for a number of years and thus gained some experience, and ~~should have~~ or for having proved worthy of the trust for a number of years. From the point of view of the candidate this unnecessary and undesirable restriction would act as a disqualification in the case of an honest member for having shown his integrity and gained the confidence of his fellow members for a number of years. The period of 3 years limitation is too short or a period of for an inexperienced young man to gain good experience in an Urban Co-operative Institution; and when he should have acquired some experience to contribute his quota for the better working of the Institution, he would be deprived of the opportunity, though it may be for one year, to serve the Institution. After an interval of one year, the experience gained by the individual would become stale, and may not be of much use.

2. The recent Committee on Co-operation appointed by

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the Government of Madras in the year 1939-40, in their Report at page 198 and Section No.215 have opined and recommended as follows:-

" Period of Office of Directors.

215. We recommend that the term of office of the Directors of Urban Banks should be three years and that retiring directors should ordinarily be eligible for re-election. But it should be open to any urban bank or society to bar re-election for a specified period.

There are obvious advantages in the system of retirement of directors by rotation, that is to say, one-third of the members of the Board may retire every year and in their places new directors may be elected. We commend this for adoption.

. . . . . .

According to the well-considered recommendation and opinion of this Committee, a period of 3 years is considered to be the minimum period of a director to be on the Board of Management in the case of an Urban Co-operative Institution, instead of the period being only one year. Further they have not recommended that a member's re-eligibility should be curtailed after three years. But on the other hand they have specifically stated that such a member should be made eligible for re-election.

3. An eminent authority on Co-operation, H.Calvert,Esq., I.C.S., in his book on "The Law and Principles of Co-operation", at page 184, writes as follows:-

> " It is a mistake to assume that in an association formed on a democratic basis, all members will take an equal share in the management and that therefore the personnel of the Committee should be frequently changed ".

Further he has not considered the serving on the Committee of Management for more than three years as a disqualification to stand for re-election.

4. Sufficient provision has been made under the existing Rules for the infusion ~~and~~ or influx of new element every year to the extent of a third as per rule noted below:-

> " Rule 6-B. The Management of every society situated at District Headquarters shall vest in a committee consisting of not less than five and not more than fifteen members elected annually in accordance with the bye-laws of the Society. Such bye-laws shall make provision to ensure that not less than one-third of the total number of members of the Committee shall be persons who have not served at any time during the previous year on the Committee of Management.
>
> .. .. ".

This is a sufficient guarantee and would act as a safeguard against a set of members monopolising the management of a Co-operative concern.

5. If the Rule should be brought into force ~~x~~ it may happen in the case of some urban societies that all the 15 directors having served for 3 years, may become disqualified for re-election for the 4th year, and thus there is the danger of all the 15 new men taking up the responsibility of a big Institution without any previous experience.

6. The Urban Co-operative Societies, some of which are having a turn over of half a crore or more per year, stand on the level of a Commercial Bank, and the office-bearers happen to be honorary men entrusted with the day to day routine work of the Bank, eg., Secretary, President and Vice-President, etc. If these office-bearers happen to be quite fresh men, there is the risk of the management going wrong for want of practical experience and knowledge. It is therefore desirable to avoid this danger as it is desirable to avoid monopoly.

7. I should like to bring to the kind notice of the Government that at the recent Mysore Provincial Co-operative Conference held at Mysore during September 1941, a ~~proportion~~ proposition corresponding to the proposed draft rule was, by some oversight, placed before the full conference, and the approval of the conference obtained for the proposition. There is thus an inherent/constitutional defect in this proposition, in as much as, that this proposition ought to have come up before the

sectional conference of the urban co-operative representatives and not before the full conference. If this proposition had been brought up before the Urban Co-operative conference, I am sure the proposition would have been thrown out by a very large majority. It is therefore submitted that no weight need be attached to this proposition passed by the conference.

8. The provision in this draft rule empowering the Registrar to exempt certain societies from the operation of this rule, is not a sufficient safeguard since in the case of every urban institution it would be desirable to grant exemptions. This provision might further lead to personal favours or disfavours, and it is therefore, submitted that it would be desirable to avoid this rule altogether.

9. The Board of Management of this Institution has already considered and submitted detailed objections on two previous occasions when similar draft rules were published during 1937 and 1939, a copy of those objections are herewith submitted for kind perusal of the Government.

10. Considered from any aspect of view, it is submitted that the proposed rule is not conducive, in any respect, for the well being of the Co-operative movement in general and of the urban co-operative institutions in particular.

O. Khan 29/8/42
Honorary Secretary.

TGV.

The City Co-operative Bank,Ltd.,Mysore. 43

Resolution No.IV(2) passed at the Meeting of the Board of Directors of the Bank held on 29-8-1937.

-:oOo:-

"Though the Bank agrees to the principle of a certain number of ~~xxxxxxxxx~~ new members being introduced to the Directorate every year, the Bank cannot accept the method of elimination of ~~x~~ a certain number of old directors as suggested in ~~xx~~ the draft rule. This resolution might be forwarded to the Government with a letter embodying the reasons for the same and also pointing out the defects in the wording of the rule".

- - -

I. The recommendation of the Committee on Co-operation in Mysore is as follows:-

"As a safeguard against same committee members continuing in office for long periods and at the same time in order to ensure the advantage of experience and continuity of policy, the Bye-laws of societies should provide for the compulsory retirement by rotation of certain proportion (between 3rd and 4th) of the Committee members every year and their replacement by new members. The method of selection for retirement will be determined by bye-laws of said societies". The Government Order on the Committee's Report No.D1113 C.S. 11-36-144 dated 31-7-1937 is to the effect that bye-laws of societies should provide for the compulsory retirement by rotation of certain proportion of Committee members every year and their replacement by new members.

Neither the Government Order nor the Committee's recommendation has been to the effect that a disability should be placed preventing the oldest members on the Committee from seeking re-election. The present rule is, therefore, not in accordance with the principles or the spirit underlying recommendation and Orders of the Government thereon. The ~~principle~~ present proposed draft rule 6(3) works out a great hardship in

insisting

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insisting upon the oldest members not merely to retire, but also not seeking re-election till perhaps all the other Committee members of the Society should have put in similar period of service on the Managing Committee. The draft rule as at present worded is not clear as to whether the discontinuance of a member for one year on the Managing Committee would enable him to seek re-election for next year, if other candidates should have put in lesser number of service on the Managing Committee.

II. Co-operative Institutuions, being institutions functioning on democratic lines should conform to principles of democracy. The first and fundamental principal of a co-operative institution is that the members of a co-operative institution should have a free and unfettered choice to elect from among themselves persons to the Committee of Management in whom they have the utmost confidence. An in-road upon the rights of the share holders of a society who have got a right to choose those whom they consider best fitted and qualified to guard and promote their interests, can only be justified if the present system of unfettered choice has led to any abuse and requires restrictions. The recent Mysore Co-operative Enquiry Committee has pointed out in their report that in certain societies the same Committee has continued in office for long periods, thus preventing new members entering the Committees and gaining experience of the Management and the Committee has suggested as a safeguard that each society should frame bye-laws about the method of selection for retirement of old members and their replacement by new members. The draft rule now published by Government as draft rule 6(3) is intended to give effect to this recommendations. In the first place the draft rule points out only one method and that by the retirement of three of the old persons who have been members previously for the longest periods. The Mysore Co-operative Enquiry Committee has not recommended this as

the only

the only method to be adopted as suggested in the draft rule. The Committee gives the choice to every society to frame bye-laws providing for a definite proportion of old members being replaced by new members every year on the Committee of Management. This can be done by other methods than the one proposed by the draft rule. Moreover to say that a person who has served the longest period on the committee should be debarred and not be x eligible for re-election whatever his capacity and previous work in the society might be, is surely unjust and unfair to a person who might have served the society faithfully and conscientiously for a number of years and who may be returned with the highest number of votes if he should be allowed to seek re-election. Long period of service should not as a matter of course be a disqualification for re-election provided he by his capacity and previous work can command the confidence of the ~~general~~ general body of members.

III. Sister Institutions in Mysore City have adopted similar measures in their bye-laws. The proposed rule prevents experienced people serving on the Committee by seeking re-election. This would be to the detriment of the institutions concerned. Such a question arose long ago in Mysore City in the City Co-operative Bank and after a good deal of discussions and deliberation the Mysore City Co-operative Bank has adopted a bye-law which is as follows:-

> " Bye-law No.51. The Management of the Bank shall vest in a Board consisting of not more than twenty directors fifteen of whom shall be elected by voting-by-ballot at an Annual General Meeting from among the members residing in Mysore City, who are not defaulters on the date of application or nomination and who have three days previous to the Annual General Meeting intimated to the Directors their willingness to stand for election or been nominated by atleast two members. If out of the fifteen so elected there are not at least five members who were not on the Board in the previous year, as many of the old directors who get the least number of votes shall be replaced by an equal number of new directors in order of the number of votes obtained to make up the number of five. In the case of a tie selections shall be made by a lot by the tellers.

"The remaining five directors or a smaller number may be elected by the Board of Directors themselves from among the members possessing similar qualifications as may become necessary from time to time"

IV. Every year when a number of candidates over and above the number required for the Managing Committee stand for election the necessary number is selected from among those who command the highest confidence of the general body of members which is signified by the number of votes secured by each successful member. It is but right and proper that the persons who should give room to new members should be those who command the least confidence of the general body of members and not arbitrarily fixing it as members who have served the longest period though they may command the entire confidence of the general body. The bye-laws of the Co-operative Bank as quoted above not only enables members who command the utmost confidence of the general body to continue the to serve the Bank but at the same time ensures a definite proportion of new members coming into the committee every year thus giving opportunities to new members to get into committees and show their capacity and worth by their work. After all a society should be managed by persons in whom the general body has complete confidence. The equitable principal involved in this bye-law having been recognised by other large and influential co-operative institutions in this City has been adopted by those institutions also and this system has been working very smoothly giving satisfaction alround.

V. It is not suggested that the above bye-law as the only method to be prescribed instead of the only method prescribed in the draft rule but it is suggested that the draft rule to be so amended as to give each individual society the choice of framing a bye-law either in accordance with the method prescribed in the draft rule or according to the bye-law of the City Co-operative Bank mentioned above or any

method

method which would ensure the principle of a certain proportion of new members replacing every year a certain proportion of old members on the committee of management.

VI. The sanction of the Registrar which is recommended for the solution of the difficulty will not be of much avail as many persons and many institutions may not like to seek such permission as it happened in regard to the rule that till now prevailed with regard to Government servants standing for election to Managing Committees. This subject was considered at the Provincial Conference held in 1934 at Mysore and the opinion of the Conference was against debarring any person from standing for re-election simply because he has served the longest term on the Committee of Management.

VII. So it is recommended that the draft rule 6(3) be modified and enacted as follows:-

" The Management of every society situated at District Headquarters shall vest in a Committee consisting of not more than 15 and not less than 5 members who shall be elected in accordance with such rules as may be provided under the bye-laws of the society, subject to the condition that such bye-laws should make a provision that the Committee of Management should include a certain definite proportion of new members every year who have not served in the previous year on the Committee of Management".

Sd/- A. Krishna Rao.

President.

TGV/-

" Copy "

Hon. Secretary.

The City Co-operative Bank,Ltd.,Mysore.

3574
A+F

Objections and suggestions to the proposed amendment to Rule 6(B).

-oOo:-

GENERAL SECRETARY'S
1 APR. 1942

The draft rule published in part IV of the Mysore Gazette of the 27th April 1939 is substantially the same as Draft Rule 6(3) published in part IV of the Mysore Gazette of the 5th August 1937. A brief history of the origin and development of the rule is necessary to appreciate the suggestions and objections to the rule.

1 APR. 1942
AGRI. & FOREST BRANCH

1. Without going very far back, it is sufficient to start with the proceedings of the Mysore Provincial Co-operative Conference held in the year 1934. In that conference the subject of placing restrictions on members who are on the Managing Committee of Societies for long periods regarding their eligibility for re-election was considered and the opinion of the conference was against debarring any person from standing for re-election simply because he had served the longest term on the committee of management.

2. Passing on to the report of the Committee on Co-operation in Mysore published in the year 1936, it is seen that at page 33 of the report the Committee observe as follows:-

" The period for which a committee is selected should not be as a rule exceed one year; and members should be advised at General Meetings to exercise their power of choice freely. As a safeguard against the same committee continuing in office for long periods and at the same time in order to ensure the advantages of experience and some continuity of policy, the bye-laws of societies should provide for the compulsory retirement by rotation of a certain proportion (between a third and a fourth) of committee members every year and their replacement by new members. The method of selection for retirement will be determined by the bye-laws of each society. An exception to this may, however, be allowed in the case of societies where the needful facilities for the change do not obtain".

Regarding urban ~~xxx~~ societies to which the proposed draft rule applies, the Committee on Co-operation at page 37 of the Report observe as follows:-

" On the otherhand, their (Urban Co-operative Societies) only apparent difference from Joint Stock Banks is that borrowers are compelled to purchase shares"

From the two passages quoted above it is clear that the Committee on Co-operation have after due deliberation come to the conclusion that Urban credit societies are very similar to Joint Stock Banks, that the same Managing Committee should not continue for long periods, that advantage of experience should be ensured, that by rotation a certain proportion of sitting members must be replaced by new members and that the members of the society should in regard to the election of members to the Managing Committee exercise their choice freely. It is thus seen that the Committee on Co-operation objected only to the same committee of Management continuing in office "en block" for a number of years but not to some members of the Committee continuing in office for any length of time if the General Body in exercising their choice freely chose to elect them year after year.

3. Urban Co-operative Credit societies carry on business mostly by attracting large deposits. In addition to safeguarding the interests of the members the interests of the depositors must be very carefully safeguarded by the Managing Committee. Needless to say that, other things being equal, men of the longest experience can function better than others on the Managing Committee. Almost all Urban Societies are managed by a committee consisting of a President, Vice-President and Honorary Secretary and a number of members, The day to day administration is carried on by the Honorary Secretary. The maximum term of a Secretary is 3 years provided that he is elected to the Managing Committee by the General Body and the Managing Committee elects him. It is also possible that the Honorary Secretary changes every year. Under these circumstances

circumstances the presence of men of long experience, capacity and record of good work to their credit is very essential for efficient and sound management and for wholesome continuity of policy. It is only the presence of such members on the Board of Management that can improve confidence in the interests of depositors.

4. The same members of the committee of Management cannot continue for ever. In course of time they have to vacate office for various causes. If all or a large number of experienced members vacate office simultaneously the society will lose the advantage and benefit of experience and continuity of policy. To safeguard against such continuity and also to introduce new thoughts and ideas, it is better that a few new members are elected to the Managing Committee every year. This principle of introducing new members into the Managing Committee every year is recognised and its wholesomeness has not been questioned. But giving effect to this principle, it is not necessary to exclude members whose standing is longest.

5. The Committee on Co-operation have emphasised the fact that a Co-operative Institution is a democratic institution and they are reluctant to curtail the rights of the general body. In the passage already quoted above they have said in connection with the election of members of the Managing Committee that "members should be advised at general meetings to exercise their choice freely". When a certain number of seats are set apart for new entrants the remaining number has to be filled up from among the candidates in the usual order of their securing votes. To depart from this rule and to say that those who have been on the Managing Committee for the longest term have to retire even though the General Body chooses to elect them with the largest number of votes, would be to restrain the members of the General Body from exercising their power of choice freely. When a candidate possess the qualifications prescribed for membership on the

Managing Committee

Managing Committee the only available test as to which of them commands the largest confidence of the General Body is the number of votes secured by him. Even assuming that the General Body committed a mistake in electing a person with the largest number of votes at a particular election, such mistake can be rectified soon by not voting for at the next election which comes off only a year later. If persons who are wholly to be returned with the largest number of votes are debarred from serving on the Managing Committee, because they have already served for long periods, then the general body would be forced to get the society managed by those who may not command their largest confidence.

6. The Committee on Co-operation have, in the passage already quotated, opined that bye-laws of societies should provide for the compulsory retirement by rotation of a certain proportion of Committee members every year and their replacement by new members. They have left it to the general body of each society to frame bye-laws for giving effect to the principle of taking new members every year to the Managing Committee in any way, which the general body considers suitable. The democratic principle on which societies must work is thus reiterated.

7. The Government Order No.D 1113 C.S.11-36-144,dated 31-7-37 on the report of the Committee on Co-operation is to the effect that bye-laws of societies should provide for the compulsory retirement by rotation of certain proportion of Committee members every year and their replacement by new members. It is seen that this Government Order has accepted the recommendation of the Committee on Co-operation without any qualification or change so far as the matter of selecting new members every year to the Managing Committee is concerned. The right of the General Body to frame its own bye-laws is thus well recognised.

8. Almost by way of augmenting rule No.6(1)(e) the Government published draft rule 6(3) in the Mysore Gazette of 5th August 1937 and invited suggestions and objections regarding the draft rule. The City Co-operative Bank,Ltd., Mysore, sent its resolution dated 29-8-1937 together with a covering letter giving reasons for the resolutions and also pointing out that the Bank had already framed a bye-law viz., Bye-law No.51 in which the principle of introducing new members every year is recognised and given effect to.

9. Next the Government made Sub-Rule 6(B) on the following terms,

" The Management of every society situated at District Head quarters shall vest in a committee consisting of not less than five and not more than fifteen elected in accordance with the bye-laws of the society. Such bye-laws shall make provision to ensure that not less than one-third of the total number of members of the committee shall be persons who have not served at any time during the previous years on the committees of Management", and published it in the Mysore Gazette of 7th April 1938. Later by a correction published in the Gazette of 5th May 1938, the phrase "previous years" in the rule was changed to "previous year"

10. As stated at the outset the present draft rule 6(B) published in the Mysore Gazette of 27th April 1939 is very similar to draft rule 6(3) objections to which were considered and which after consideration resulted in rule 6(B) now in force. Since 30th March 1938, the date of making rule 6(B), circumstances have not changed so as to go back to the method of retirement, and of placing restrictions regarding eligibility for re-election as enunciated in the draft rule 6(3) published in the Mysore Gazette of 5th August 1938. Conditions which outweigh the objections to draft rule 6(3) and the considerations which led to the change of draft rule 6(3) to rule 6(B) have not arisen. Neither has the Government given any reason for now intending to change

the present rule

the present rule which has worked hardly for a year.

11. The wording of the draft rule amending rule 6(B) is not clear. The phrase "and that the members so to retire every year shall be those who have been longest in office since their last elections" At the end of the year and by the time of the next elections all the members will be of equal standing since their last elections, unless of the members elected, some have ceased to be members of the Managing Committee, and their places are filled up by the remaining members in which case the newly substituted or appointed member will be of a shorter standing than the originally elected members. When all the members are of equal standing since their last election it is only by lot that a third or any number nearest to a third has to retire.

12. The draft rule says that " a retiring member shall not be eligible for re-election". Does it mean that he is not eligible for election in all future elections or only in the immediate next? That is, can a member who has retired stand for election after ceasing to be a member for one year? As between two candidates one of whom has been in office for ten consecutive years and another for total number of 11 years after 4 or 5 intervals, who is the one that is longer in office according to the draft rule?.

13. As already stated the reasons for the Government now proposing an amendment to the existing rule 6(B) are not mentioned. If the reason is that some societies have not framed bye-laws as required by rule 6(B) and if the Government feel that the case of such societies cannot be met by making an amendment of the rule 6(B) then it could be done in a way different from the one now proposed. The proposed amendment will do great hardships and inconvenience and will not be conducive to the sound management of the societies which have framed their own bye-laws to give effect to the principles enunciated in 6(B). To protect such societies from coming

under

under the operation of the proposed amendment to rule 6(B) and at the same time to meet the cases of societies which may not have framed any bye-laws at all to give effect to the principle of the present rule 6(B) the following amendment is suggested:-

" The Management of every society situated at District Headquarters shall vest in a Committee consisting of not less than five and not more than fifteen members elected annually in accordance with the bye-laws of the society and the rules framed by the Government for the conduct of elections. Of the members elected at least one-third or if the number of members of the Committee is not a multiple of three then at least the number nearest to a third shall be persons who have not served at any time during the previous year on the Committee of Management. Such society shall frame bye-laws in order to give ensure the election of at least one-third or a number nearest to a third of members who have not served at any time during the previous year on the Committee of Management. In the absence of any such bye-laws of the society making provision in any manner the society likes to ensure the election of the abovesaid number of members who have not served at any time during the previous year on the Committee of Management, a number equal to the abovesaid number of members who have been longest in office shall retire for one year and shall not be eligible for re-election during that year. As between persons who become members of the Committee on the same day those to retire shall be determined by lot".

The Registrar may, in the case of any society in which he considers that facilities for the enforcement of such restriction do not exist, permit all or any of the retiring members to stand for re-election.

Nothing in this rule shall apply to the Apex Bank, Central Land Mortgage Bank and the Mysore Co-operative Institute and to any other Co-operative Institution which may be exempted by Government from the operation of this rule"

14. A copy of the objections submitted by this Bank to the Draft Rule 6(3) in the year 1937 is submitted herewith. It may be taken as part of this note.

Sd/- T. Gundappa.

Chairman, 22-5-39.

copy.

TGV/-

Honorary Secretary.

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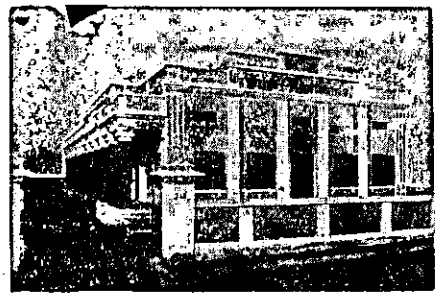

THE

Bangalore City Co-operative Society, L

(ESTABLISHED 1905)

NEW THARAGUPET, BANGALORE CITY

Ref. No. 1160 Dated 31st March

GEN. SECRETARIAT
1 APR. 1942
AGRI. & FOREST BRANCH

To

GENERAL SECRETARY.
1 APR. 1942

The Secretary to Government,
General Department,
BANGALORE.

Sir,

Adverting to Notification No.A.F.3915-C.S., 17-41-16 dated 5th February 1942 publishing a draft amendment to Rul of the Rules under the Mysore Co-operative Societies Act, directed to state that the proposed amendment was discusse meeting of the Committee of the Bangalore City Co-oper Society, Ltd., and it was resolved that the opinion ofboard objecting to the passing of the amendment may be forwaLo Government with the following expression of its views:

There exists already a restriction in the existing ru under the Co-operative Act that "not less than one-third of total number of members of the Committee shall be persons wh have not served at any time during the previous year on the Committee of Management". The proposed amendment puts a fu restriction and serves as a handicap to a great extent to co and useful co-operators for serving their Societies.

Many members who have founded some Societies have mad their life work to develpp them and bring them to an efficie working order, and such co-operators have identified themselves

with such institutions.

Taking for example our own Society, honourable mention has to be made of the selfless services of the late Mr. N. Venkatesa Iyengar who was its director continuously for a period of 25 years and of the late Mr. C. Krishna Murthy, Advocate, who was helping in guiding the affairs of the Society as a Director for nearly fifteen years. Some more honoured names such as Messrs.P.Subba Rao, Baily Seshagiri Rao and D. Appu Rao may be recalled to memory and their solid and unflinching work for the cause of co-operation.

The idea in enacting the present rule seems to be that in District Head Quarters there is no dearth of competent men, while the same is not the case in the moffusil. But it has to be remembered at the same time that the members in the Societies of District Head-Quarters are generally educated and cultured and they have every opportunity at each annual meeting or earlier, if necessary, to remove or at any rate not to re-elect undesirable members to the Committee of Management.

Every Society has power to frame Bye-Laws regarding elections also and there does not therefore appear any necessity for framing any hard and fast rule by Government imposing further restrictions. For example in our Society (THE BANGALORE CITY CO-OPERATIVE SOCIETY, LTD.,) there is a bye-law that not less than 50% of the elected members to the Committee should be those who have not served on the Committee during the previous year. The existing Government rule is that only ⅓ (one third) of the members should be new, while our Society has gone a step further and raised the percentage to 50. Thus the scope for new members for getting into the Committee of Management has been widened by the Society itself. Would it be fair to impose a further restriction by the

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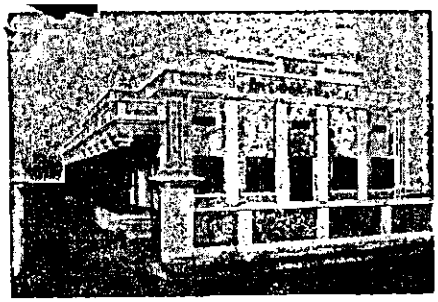


THE
Bangalore City Co-operative Society, Ltd.
(ESTABLISHED 1905)
NEW THARAGUPET, BANGALORE CITY

Ref. No. 1160 Dated 31st March 1942

the amendment now proposed by Government and some experienced members whose service the members in general are anxious to secure for a longer time.

It is true that the amendment is reported to have been passed by the Co-operative Conference held at Mysore on the 26th September 1941. But it has to be respectfully submitted to Government that it is stated by our delegates that the Subject is one which according to the constitution of the Conference should have been placed before the Urban Section of the Conference first and after approval by that Body should have been placed for discussion before the plenary session of the Conference. In the opinion of several members of the Conference it was irregular and ultravires. A question relating to Urban Societies was at once discussed and conclusion arrived at, even without its being placed before a Subjects' Committee or the Conference of Urban Societies as required by the Conference rules. Strictly speaking therefore the Conference resolution cannot be acted upon and the same has to be placed before the section of the Urban Societies in the first instance for discussion during Dasara this year. This question will also be referred to the Co-operative Institute for taking suitable action at the next conference.

The feeling of the generality of members can be gathered by the following instance. At the instance of some members of our Society an extra-ordinary general meeting of the Society was held on 19-10-1941 to consider the following among other propositions:-

'No member who has served on the Committee of Management during three consecutive years immediately preceeding the election shall be eligible for re-election."

It will be seen that the above amendment is almost similar to the one now proposed by Government.

The amendment was discussed threadbare fpr nearly 3 hours and was lost by an overwhelming majority - 19 voting for the amendment and 49 against.

The following is a very brief summary of discussions:-

Those who supported the amendment did so mainly on the ground that it gave chances for new men for getting better training.

The main reasons of those who opposed were.-

1. Tried men ought not to be replaced by untried men.

2. There were ample opportunities for fresh blood to get into the Committee as it is obligatory that at least one half should be new. The proposed amendment would fetter the rights of members and curtail their powers.

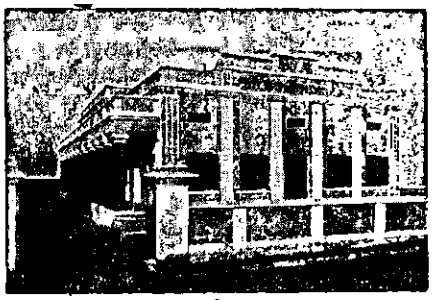
3. The amendment is opposed to democratic principles.

4. Honorary good workers should not be debarred from further service. It is always open to the general body to throw them out.

5. Board should not be deprived of the services of experienced co-operators nor should the fact that some of them are popular with a large body of members be a point against them for serving the Society especially in a Society where the service rendered is honorary and there is already a rule that at least half the number should be new.

6. Efficiency and continuity of safe and sound policy would be hampered by the proposed alteration.

It has to be brought to the notice of Government that no Province in the whole of India has framed a rule of the kind proposed except the solitary province of Behar. All the other provinces in British India including the bordering presidencies of Madras and Bombay have refrained from introducing such a rule for obvious reasons and it is therefore desirable that our State should also follow British India in General.



THE

Bangalore City Co-operative Society, Ltd.

(ESTABLISHED 1905)

NEW THARAGUPET, BANGALORE CITY

Ref. No 1169 5. *Dated* 31st March 1942.

Times are rapidly changing and the financial and economic condition causing great anxiety. Proposals are already being made by the Deputy Commissioner, Bangalore, and discussions are taking place regarding the stocking of large quantities of food-stuffs and their sale not only to the members of the Society but to the general public also during the trobluous times of the war. The working of such proposals would be greatly, if not entirely dependent on the personal influence and experience of long standing members of the Committee who command the loyalty and regard of the members of the staff.

It is most undesirable that drastic changes of the kind proposed should be introduced at this juncture. For the foregoing reasons, it is the request of the above Society that the amendment proposed may not be passed or at least dropped for the present till conditions arising out of the devastating war are tided over and normal state of affairs are restored.

I have the honor to be,

Sir,

Your most obedient servant,

M. A. Narasimhacharya

Secretary.

3622
A&7

The Mysore Co-operative Institute

NO. 1 HARDINGE ROAD, CHAMARAJPET

BANGALORE CITY.

C.J. 17-4-21 Dated 2nd April 1942.

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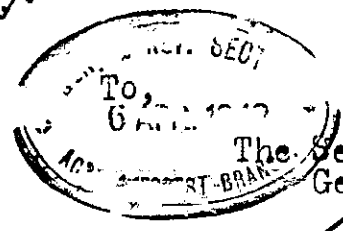
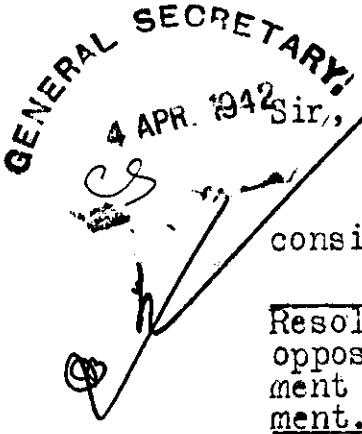


To,

The Secretary to Government of Mysore,
General Department,
Public Offices,
Bangalore.



Sir,

I have the honour to forward herewith for the favourable consideration of the Government a copy of the resolution passed by the Governing Body of the Institute on the proposed amendment to Rule 6 B of the Rules under the Mysore Co-operative Societies Act (vide, Notification No. A.F.3915-C.S.17-41-16 dated 5th February 1942).

Resolution:- "A suggestion opposing the proposed amendment may be sent to Government."

In this connection I wish to state that the proposed amendment is such as to restrict unduly the sphere of choice open to a society and to penalise men of character, ability and experience merely on the ground of their having been directors for a period of three years continuously. A co-operative society is a republic and every member has got an indefeasible right to stand for election. As the Committee on Co-operation in Mysore, 1936, observes, "It is after all for the general body of each society to choose those whom it considers best fitted to guard and promote its interests and this freedom of choice should not be needlessly circumscribed." And there is hardly any justification for circumscribing this freedom of choice in the case of societies in the district headquarters which are working satisfactorily and whose members are generally educated and intelligent and take

The Mysore Co-operative Institute
NO. 1 HARDINGE ROAD, CHAMARAJPET
BANGALORE CITY.

Dated.....

sufficiently keen interest in their welfare and efficient management.

The proposed amendment will result in providing for a double disqualification which appears to be contrary to the recommendation of the Co-operative Committee. Under the existing rule not less than one-third of the directors should retire and shall not be eligible for re-election. Any further restrictions seem to be not necessary. The proposed amendment will keep out (though it may be for a year) experienced co-operators from responsible offices and this at present is not by any means desirable.

I have the honour to be,
Sir,
Your most obedient servant

President.

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ESTD. 1918

Chamarajapuram Co-operative Stores, Limited, Mysore.

CS 1741-22

IN REPLY PLEASE QUOTE NO. 7087

Dated 7th April 1942

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REV. SECTT. 8 APR. 19 FOREST BRANCH

The General Secretary to the Government of Mysore,
Bangalore.

GENERAL SECRETARY. 9 APR. 1942

Dear Sir,

Re: Draft Rule 6B under the Co-operative Societies Act, Mysore published in the Gazette dated 12-2-1942.

- - -

The Chamarajapuram Co-operative Stores has come to the conclusion that the draft rule mentioned above should be opposed on the ground that it is detrimental to the interest of urban Societies, especially Stores Societies which require the services of experienced members. Its opinion is based on its past experience in this Institution.

Our Institution had a byelaw analogous to the draft rule 6B now under consideration which was passed so far back as 1932 and which ran as follows:

25.

" ಪ್ರತಿ ವರ್ಷ ಪುನಃ ಆಯ್ಕೆಯಾಗುವ ಜನರಲ್ಲಿ ಯಾವಾಗಿನಿಂದ ಸೇರಿ ಸಮಿತಿಯ ಸಭ್ಯರಾಗಿದ್ದು ಹೆಚ್ಚು ಕಾಲ ಸಭ್ಯರಾಗಿದ್ದವರಲ್ಲಿ ಮೊದಲು ನಾಲ್ಕು ಜನರು ಮುಂದಿನ ಸಮಿತಿಗೆ ಚುನಾಯಿಸಲ್ಪಡಲು ಅನರ್ಹರಾಗಿರಬೇಕು.

That four of them who have been in the Committee for the longest period continuously be ineligible for election for the next committee."

This rule was in force for a few years but was found to be a handicap since in consequence of it the progress and efficiency of the Institution suffered. So in the year 1935 the byelaw was amended as follows:-

ESTD. 1918

Chamarajapuram Co-operative Stores, Limited, Mysore.

IN REPLY PLEASE
QUOTE NO.....

Dated.....193

Continued sheet 2

51.

" The management of the stores shall vest in a committee consisting of fifteen members who shall be elected by ballot at an Annual General meeting from among the members residing in Mysore City who are not defaulters on the date of the application or nomination and who have, three days previous to General Meeting, intimated to the committee in writing, their willingness to stand for election or been nominated at least by two members. If out of the fifteen so elected there are not at least five members who where not on the Committee in the previous year as many of the old Committee members who get the least number of votes shall be replaced by an equal number of new committee members in order of the number of votes obtained to make up the number of five. In the case of a tie selection shall be made by a lot by the tellers. All Committee members however elected shall continue in office till the next General Meeting or relieved by their successors."

providing for the elimination of five of the retiring committee members whoget the least number of votes. That byelaw which is in accordance with rule 6B that is now in force is still in operation in the Society.

In a big Institution like the Chamarajapuram Co-operativeStores whose membership now approches 2,500, the variety and nature of its business both trade, banking as well as the management of the office containing nearly 60 employees requires a good deal of previous training and

ESTD. 1918

Chamarajapuram Co-operative Stores, Limited, Mysore.

IN REPLY PLEASE QUOTE NO.....

Dated.....12.....193 .

Continued sheet

knowledge of the affairs of the Stores. It is well known that eversince rule 6 (c) came into force, prohibiting multiple membership, the decrees in urban societies have enormously increased the body of ex-members in our Society now being nearly one thousand persons. The absence on the committee of persons who having been in contact with such ex-members when they were active members of the Stores, and who know, their affairs and circumstances and whereabouts prejudices the recovery of the dues and causes the swelling of bad and doubtful debts.

Similarly in a Stores Society contact with merchants and traders who supply good articles and on fair terms, will be lost by change of senior mem on the committee and a new committee which knows very little of the character and nature of business of the said merchants, often spoils their custom.

The office staff though a permanent body has no power as it is constituted at present in the field of trade or business of the institution, but it merely runs the office under the direction of the committee or its office bearers and gathers little experience. It cannot be regarded as sufficiently qualified to carry on the continuity of the policy or methods of the business. These frequent changes in the committees often dislocates office system, as well as the ways of business. Many Societies in District Head quarters cannot afford to employ qualified hands to run the office

efficiently and carry on the business. The rule as proposed, makes it obligatory to have Annual election of all the members of the committee. While those who are on the committee for three years or more are ineligible for election, it cannot be said that all the remaining persons will get re-elected. It often happens especially in the case of this stores that merely half if not more than half of the members get unseated in the elections.

We have appended herewith statements for the period of 10 years from 1931-32 to 1940-41 both inclusive, both of the business and the members who were directors for each one of the years in the period. It shows that the institution has not at all progressed since 1933-34 but was at a standstill for some time and has been going down latterly. It cannot be said therefore that the elimination of people of long standing and experience helps the progress or development of the Institution but on the other hand it leads to stagnation if not for deterioration.

It is clear from the statement that 76 persons were elected to the committee during the 10 years, suggesting an average elimination of 7.4 persons each year. 39 of them served on the committee only for one year, 17 for only two years, 11 for three years, 5 for four years, 4 for five years, one for eight years.

Further only one has continued for five years continuously, three for four years and 15 for three years.

ESTD. 1918

Thamarajapuram Co-operative Stores, Limited, Mysore.

IN REPLY PLEASE QUOTE NO.....

Dated 64 193

Continued sheet.

This clearly shows that the impression if any that only a few people have been monopolising the administration of the Stores is without foundation. If in any committee of 15, if a minority of one or two or even five, should consequktively serve on the committee, how will they harm or work against the interest of the institution, even against a strong majority of 10 or more other persons?

There has been a radical change of committee members since 1935-36. The new entrants exceed the re-elected sitting members. The comparative statement of the business of the society from 1931-32 to 1939-40 shows that the introduction of a large element of fresh blood year by year does not help development and progress. On the other hand the figures suggest a fall in the business and other respects.

It is therefore best to leave the present rule 6 (B) as it is, instead of adding on the new clause now proposed running as follows: -

" And that no person shall be eligible for re-election to the committee of management if he has served on the committee consecutively during three terms of office of the committee immediately previous to the election."

I have the honour to be,

Sir,

Your most obedient servant,

D. Lobo Rao

Honorary Secretary

gbi)

The Chamarajapuram Co-operative Stores Ltd., Mysore.

No.	Details	1931-32	1932-33	1933-34	1934-35	1935-36	1936-37	1937-38	1938-39	1939-40
1.	Members	1447	1803	1975	2993	3242	3180	2632	2289	2344
2.	Shares allotted.	4433	4942	5364	8393	9308	9299	9366	5483	5315
3.	Share amount (Received)	39149	46536	50913	65030	75463	72499	62556	51591	49250
4.	Reserve fund(receipt)	584	622	853	1131	591	867	571	640	
5.	Cash Sales	31949	42715	43479	49671	58376	62355	71854	76377	112646
6.	Credit Sales	53973	70224	81946	97636	107396	104602	92246	87777	111268
7.	Credit Sales Recovery	49833	68763	75809	90600	106667	103040	101029	91416	104861
8.	-do-to be recovered	16333	19385	25524	33516	35190	36324	28441	26514	29061
9.	Total Asset	146783	206531	249224	321123	366196	372140	379624	346091	331824
10.	Net Profit	3308	4294	4360	5673	2990	4493	3427	176	1644
11.	Fixed Deposit	60160	91780	123410	167470	199501	192180	193917	175865	152228
12.	Total Purchases made	86009	101654	110947	141930	152815	162368	149501	160059	204243
13.	Short Loan.	15034	20351	21825	28931	33331	36659	33740	21305	14843
14.	Joint Loan	31765	49474	71817	92560	99522	96521	92612	55307	30253
15.	Long Loan	21817	27158	28968	46056	67511	54461	48404	52179	51349
16.	Personal Loan	12893	18061	22124	25478	27881	25097	19819	13678	12901
17.	Provident Fund	2639	5309	5895	8563	10571	16747	22060	25217	26619
18.	Current Deposit	22562	34986	32583	39965	38416	41860	40241	28600	24081
19.	Savings Bank							8849	11442	20367
20.	Thrift Deposit							39		
21.	Total Receipt	476087	629690	805548	957509	994867	974165	1020960	1039921	1104759
22.	Total Expenditure	478250	627787	806393	956702	994929	973756	1021010	1038824	1103904
23.	Dividend Declared	5½ P.C.	5 P.C.	6 P.C.	6 P.C.	3 1/8 P.C.	3 19/32	3 1/8		
24.	Rebate allowed									
	1. Credit	½ P.								
	2. Cash	½ P.								

66

gbi)

D. Subba Rao
HON: SECRETARY

Messrs:	1931-32	32-33	33-34	34-35	35-36	36-37	37-38	38-39	39-40	40-41	xxxxxxxxx	total
43.M. Ramaswamiah					1							1
44.B.C. Varadaraja Iyengar						1						1
45.B.A. Krishnaswami Iyengar						1	1					2
46.D. Kapanipathi Rao						1	1	1				3
47. A. Seetharamiah(rice merchant)					1	1						2
48.B.R. Laxmana Setty						1						1
49.S. Rajagopala Iyengar						1						1
					After June 37							
50.B. Kameswaramma							1					1
51.A.V. Srinivasa Murthi							1					1
52.T.M. Bhayamanaswami							1					1
53.H.L. Ramaraj							1					1
54.V.K. Hanumanthappa							1					1
55.B. Ramanuja Iyengar								1	1			2
56.H. Krishna Rao								1				1
57.C.S. Sripathi Rao								1				1
58.G.A. Srinivasaraghava Char								1				1
59.N. Nagappa								1	1	1		3
60.I. Seshagiri Rao								1	1	1		3
61.M.C. Thirumala Char								1				1
62.T. Ramaswami								1		1		2
63.K. Venkataramiah (re-opened on 26.1.40)								1				1

64. K.N.Govinda Rao	1		1
65.H.C.Subba Rao	1	1	2
66.D.S.Nagesha Rao	1	1	2
67.M.S.Shamanna (co-opted on 16-12-40)	1		1
68.M.N.Nanjundiah	1 13-9-40	1	2
69.P.H.Subba Rao	1		1
70.M.R.Narasimha Murthi	1		1
71.A.Sambasiva Sastri	1 7-12-40		1
72.A.Narasimha Char		1	1
73.S.B.Krishna Murthi		1	1
74.N.Nagesha Rao		1	1
75.N.Sivarama Sastri		1	1
76.P.S.Seetharamiah		1	1

- - -

D. Subba Rao
HON. SECRETARY

21. A. Venkateshiah	1	1	1							3
22. B. R. Subba Rao	1									1
23. E. N. Thyagaraja Iyer	1	1								2
24. N. L. Keshava Iyengar		1								1
25. S. Ramaswami		1								1
26. T. S. Raghava Char		1	1							2
27. D. Subba Rao			1	1			1	1	1	5
28. M. H. Krishna Murthi			1							1
29. G. R. Joseyer			1	1						2
30. K. Puttu Rao			1							1
31. B. S. Raja Iyengar			1	1	1		1			4
32. A. Seetharamiah			1							1
33. M. A. Doraswami Iyengar				1	1		1			3
34. S. R. Sambachiengar				1						1
35. C. S. Rajagopala Iyengar				1	1	1				3
36. A. Ranagaswamiengar				1						1
37. K. V. Srinivasa Murthi				1						1
38. K. V. Narayan				1	1		1	1	1	5
39. S. Krishnaswami Rao				1	1					2
40. S. N. Shankariah				1	1					2
41. S. N. Sreekantiah				1			1	1	1	4
42. Agaram Rangiah				1	1					2

D. Subba Rao
HON. SECRETARY

The Chamarajapuram Co-operative Stores Ltd.,
Mysore.

Messrs:	1931-32	32-33	33-34	34-35	35-36	36-37	37-38	38-39	39-40	4041	Total
1.H.R.Krishna Murthi	1		1	1							3
2.G.Narayana Rao	1		1								2
3.T.S.Venkanniah	1	1	1				1				4
4.B.S.Iyengar	1										1
5.P.Seetharamiah	1	1				1					3
6.S.Rama Rao	1		1 Elected 31-5-34								2
7.Bapu Ramaswami	1	1	1		1						4
8.N.Narasimha Murthi	1										1
9.K.Krishna Rao	1	1	1	1							4
10.M.Laxminarayana Rao	1	1	1	1			1				5
11.G.Hanumantha Rao	1	1									2
12.C.Narasimhiah	1	1		1		1	1				5
13.C.R.Narasimha Sastri	1		1					1			3
14.M.N.Sreekantiah	1										1
15.Y.Sreenivasiah	1		1	1		1	1	1	1	1	8
16.K.B.Madhava	1										1
17.A.Krishna Rao		1	1	1							3
18.S.Subba Rao		1	1								2
19.V.Lingappiah		1	1	1							3
20 B.S.Murthi		1									1

CS 3671 A47

The Mysore Co-operative Society, Limited,

Telephone No. 382. (ESTD. 1906)

In reply please quote No. 916

GANDHI SQUARE,

Mysore 7th April 1942.

CS. 1241-23

To
GENERAL SECRETARIAT
9 APR. 1942
CS

The Secretary to Government
General Deartment,
BANGALORE.

Sir,

Re: Objections to the proposed draft rule amending Rule 6-B of the rules under the co-operative societies Act, in the matter of appointment of members of the committee of management of Co-operative Societies at District Head Quarters, published in the Mysore Gazette dated 12th February 1942, in part IV at Page 45-46 under notification No. A.F. 3915- C.S.17-41-16, dated Bangalore the 5th February 1942.

Dear Sir,

With reference to Notification No. A.F.3915-C.S.17-41-16 dated 5th February 1942, calling for objections to the proposed rule modifying Rule 6-B under the Co-operative Societies Act, I have the honour to submit the following statement on behalf of the Mysore Co-operative Society, Ltd. Mysore.

One of the important objections to the proposed Rule is, that the Co-operative Institutions being democratic Institutions, the rights and liberties of the General Body in selecting their representatives to the Committees of Management should not be restricted or curtailed in the

P.T.O.

manner in which the rule if brought into force would operate. The General Body would be deprived of its legitimate right to elect any member of an Urban Co-operative Society who in the opinion of members is desirable for having served the Institution for a number of years and thus gained some experience and for having proved worthy of the trust for a number of years. From the point of view of the candidate this unnecessary and undesirable restriction would act as a disqualification in the case of an honest member for having shown his integrity and gained the confidence of his fellow members for a number of years. The period of 3 years limitation is too short a period for an inexperienced young man to gain good experience in an Urban Co-operative Institution; and when he should have acquired some experience to contribute his quota for the better working of the Institution, he would be deprived of the opportunity though it may be for one year, to serve the Institution. After an interval of one year, the experience gained by the individual would become stale and may not be of much use.

An eminent authority on Co-operation, Mr. H.Calvert, I.C.S. in his book on " The Law and Principles of Co-opera

tion", at page 184 writes as follows:-

" It is a mistake to assume that in an association formed on a democratic basis, all members will take an equal share in the management and that therefore the personnel of the committee should be frequently changed."

Further he has not considered the serving on the committee of Management for more than three years as a disqualification to stand for re-election.

Sufficient provision has been made under the existing rules for the infusion or influx of new element every year to the extent of a third as per rule noted below:-

"Rule 6-B: The management of every society situated at District Head Quarters shall vest in a committee consisting of not less than five and not more than fifteen members elected annually in accordance with the Byelaws of the society. Such Byelaws shall make provision to ensure that not less than one-third of the total number of members of the committee shall be persons who have not served at any time during the previous year on the committee of Management. ....."

The urban Co-operative societies, some of which are

having a turn-over of half a crore or more per year, stand on the level of a Commercial bank and the office bearers happen to be Honorary men entrusted with the day to day routine work of the bank, eg., Secretary, President, Vice-President, etc. If these office bearers happen to be quite fresh men, there is the risk of the management going wrong for want of practical experience and knowledge. It is therefore desirable to avoid this danger as it is desirable to avoid monopoly.

I have the honour to submit further that the proposed rule has not been placed ~~bore~~ before or considered by the Urban Co-operative Society Conference annually held specifically for the purpose of considering matters relating to Urban societies and that it would not be deemed to be proper or constitutiona. to rush it and put it into force in the absence of such consideration.

I have the honour to be
sir
Your most obedient servant

Krishna Rao
Honorary Secretary.

MrG.

3690
A-7

THE SHIMOGA CO-OPERATIVE BANK, LTD.,

All communications to be addressed to the HONORARY SECRETARY.

C.S. 17-424 SHIMOGA,

8th April 1942

Ref. No. 2230.

REV. & REV. SEC. I
10 APR. 1942
FOREST BRANCH

The Secretary to Government,
General Department,
BANGALORE.

GENERAL SECRETARY.
10 APR. 1942
CS

Sir,

With reference to your Notification No.A.F.3915-C.S.17-41-16 dated Bangalore, the 5th February 1942 for general information a draft Rule amending Rule 6-B regarding the appointment of members to the Co-operative Societies at District Head Quarters and inviting any suggestions or objections to the proposed Rule, I have the honour to state as follows as desired by the Directors of this Bank:-

Part I.

The first and main opposition to the draft Rule 6-B is that it violates the essential democratic principle of freedom of choice to the electorate, in this case, the general body of the Society concerned. The Co-operative Movement is a democratic movement, and it is essential that the people who constitute the particular society should have no restrictions placed on their freedom to elect among the candidates who offer and who are willing to offer, themselves for election to the Directorate. In the main, if not in all respects, it is the composition of the Directorate that

attracts

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attracts or repels the confidence of the public. As the confidence of the public is the desideratum for the business of the society to be carried on and to flourish, everything that is calculated to shake or to affect that confidence should be tabooed. The objection has all the more point as these restrictions are sought to be placed in respect of urban societies at District Head Quarters. The members of urban societies, especially those of the ones at District Head Quarters, may reasonably be presumed to be more conversant with the value of the vote and better able to look after themselves and their interests. It is very strange, therefore, that in respect of these urban societies, official interference should come into restrict the freedom of choice of the general bodies. On principle, therefore, as well as on the ground of practical business efficiency, it is expedient that Government abrogate the Rule 6-B.

Part II.

As, however, the Government already framed and passed the Rule 6-B, the societies had no course but to alter their byelaws so as to incorporate the principle of the said Rule. The Shimoga Co-operative Bank, to that end, framed a byelaw which may be claimed to restrict to the minimum extent consistently with Rule 6-B the freedom of choice of the general body. It is reasonable to infer that the candidate who secures the highest number of votes has the largest support of the general body and that the one who secures the (next) highest number of votes has the (next) largest support of the general body. Keeping this principle in mind and applying it logically, the

the Shimoga Co-operative Bank in its byelaw has stated that, of the Directors of the previous year, those who get the lowest number of votes if they happen to be within the first fifteen will drop out in case those happen to be fifteen do not include five who were not Directors already. This method, it is claimed, is a happy compromise between the two ideas, viz., (1) the freedom of choice of the general body and (2) the affording of scope for entry of fresh blood in accordance with the Rule 6-B as in force now.

Part III.

The amendment now proposed penalizes, as it were, service on the Directorate of any particular society consecutively during three terms of office immediately previous to the election. It means that, if a society has a Director who has served during (not, for) three consecutive years, he must be immediately checked out, and that, compulsorily. The question has got to be viewed from the point of view of the interest of the society concerned and not as a matter of privilege to the member in question. The society would be deprived, and compulsorily deprived, of the services of a member for no better reason obviously than that he has picked up some knowledge of the institution and its working and that he may prove to be more useful thereafter. Whereas knowledge

P.T.O

74

knowledge and experience are prized for every work and in every field, it looks as though in the co-operative field knowledge and experience for a period exceeding three terms becomes either useless or dangerous. Could it be? Could it happen so? Is there any such restriction in any other walk of life or any other type or kind of institution? Is a person debarred from standing as a candidate to the Representative Assembly, the Legislative Council, the Municipal Councils or the District Boards for a second, third or fourth time, because he has been a member during the term of office immediately previous to the election? It has to be remembered that the term of office in the case of the Representative Assembly and the Legislative Council is four years, and three years in the case of Municipal Councils and District Boards, and that the term of office in the case of co-operative Societies is only one year. Can it be said that a member of the Committee of Management of a Co-operative Society has more power vested in him or can do more harm than a member of the Representative Assembly, the Legislative Council, Municipal Councils and District Boards? Why should the co-operative Societies alone of all institutions be singled out for this penalization through the deprivation of the services of men of knowledge and experience? What is there so peculiarly poisonous or deleterious in a continuous service during three years on the Committee of Management of a Co-operative Society that he becomes immediately an unfit or un-co-operative person?

These

These are matters which, I submit, deserve the deep and serious consideration of Government. After all, the transactions commenced in one year are carried on over a number of years. Proceedings have to be taken, and in such cases, knowledge of the previous history of the case is a very useful, if not an indispensable, requisite.

As regards the important office viz., that of the Secretary, Government have already framed a rule, viz., Rule 6-A which limits to three years, continuous work as Secretary. If the Government think fit, the rule 6-A may be amended if need be, so as to be applicable to Presidents also. It cannot be conceived why serving as an ordinary member of the Committee of Management without holding any office should be viewed with so much suspicion and distrust.

When India (with Mysore which is part thereof) is fighting with the other United Nations for safeguarding Democracy, when India is on the verge of obtaining full freedom in the political field, it is unthinkable that the Government of Mysore try to curtail the liberty of choice of the electorate of co-operative institutions. When people are considered to be endowed with sense enough to elect State Ministers or those who elect State Ministers, it is ridiculous that they are not endowed with sense enough not to know who are fit

to

P.T.O.

to be Directors of co-operative societies.

The question has also to be considered in another way. It has to be borne in mind that continuous contact with an institution keeps up the interest of the person in the institution. Once he ceases to be a member of the Committee of Management, he may not continue to entertain as much interest in the institution as when he was a member. This is a very serious disadvantage. If he is such an undesirable person as does not deserve to continue, the electorate will throw him out. It has to be remembered that this Rule is intended to be applicable to Urban societies at District Head Quarters where the level of education among the members is certainly higher than in the case of rural societies. I do not think that there can be a single sound reason for the enactment of this Rule or amendment.

There is yet another question. Let it supposed that this draft Rule passes into law. We shall take the case of a society in which, out of fifteen, there are ten Directors who have served continuously for three years previously to the date of election - there are many such cases - what will be the effect on the institution, the members and the general public if all the ten experienced Directors retire in a body? The public will lose confidence, the deposits will be withdrawn, the transactions will dwindle and the institution will decline. To please which god should this sacrifice be offered?

The

THE SHIMOGA CO-OPERATIVE BANK, LTD.,

All communications to be addressed to the HONORARY SECRETARY.

SHIMOGA,

*Ref. No.*_____

The words of that famous and veteran Co-operator of British India, Mr. V. Ramadas Pantalu, bear repetition. At the fifth All-India Co-operative Conference held at Nagapur on the 4th April 1942, he said "So long as the responsibility for the proper working of the institutions is laid on the shoulders of nonofficials and vast and detailed power of direction and control over the movement are vested in the official agency, I feel that there is no genuine scope for nonofficial initiative and enterprise in Co-operation."

If the object of the Government is the progress of the Co-operative Movement, as I am sure it is, this draft Rule which is fraught with mischievous potentialities may not be enacted.

I have the honour to be,

Sir,

Your most obedient servant,

Hon. Secretary.

3699

THE CO-OPERATIVE FEDERAL UNION, LTD., MYSORE.

(Regd. No. 422 A.R.M. Dated 10-1-34)

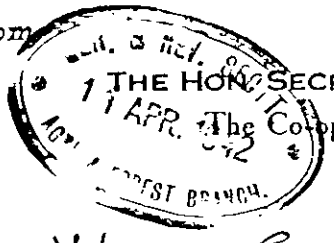
No. 33.

MYSORE.

Dated 10-4-1942

C.S. 17-41/25

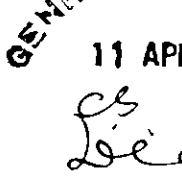
From



THE HON. SECRETARY,
The Co-operative Federal Union, Ltd.,
Mysore.

To

The General Secretary
to the Government Mysore
Bangalore



Sir,

The Managing Committee of our Union which met on 30-3-1942 has passed the following resolution in regard draft Rule 6(B) published in the Gazette dated 12-2-1942

"This rule is welcome and is approved"

For the Co-operative Federal Union
Hon. Secretary

3697
A-07

Y. SREENIVASAIYA, B.A., LL.B.,
ADVOCATE.

Mysore,

Dated, 10- 4- 1942.

To

The General Secretary
to the Government of Mysore,
BANGALORE.

C-S. 4-4-26

GENERAL SECRETARY
11 APR. 1942

Dear Sir,

I have enclosed herewith a note on the proposed Rule 6 (b) under the Co-operative Society Act published in the Gazette dated 12-2-1942 putting my suggestions and opinions thereon.

My close association with the Urban Co-operative Movement for the past twenty years during which I have been on the Committee of Management as well as an office bearer of almost every kind of society that is working in District Head Quarters has made me venture to write somewhat at length on the subject, to bring home to the Government, the reasons I have, from various points of view, to take objection for the enactment of the proposed rule.

Yours faithfully,

Y. Sreenivasaiya
Adv

GEN. & REV. SECTT.
APR.
FOREST BRANCH

A Note of Objection Against the Proposed Rule 6(B)

Published in the Gazette dated 12-2-1948.

(1) When the draft of Rule 6(B) was, before its enactment a few years back, published in the Gazette, it contemplated to disqualify the people who were longest on the committee, from standing for re-election. The strong opposition to that draft, found expression even in the Co-operative Conference of the time. As a result of this opposition by the public, the original draft rule was modified and the present rule 6(B) was framed leaving it to the discretion of each society to settle in its bye-laws, which one-third, should be ineligible to serve on the immediately succeeding committee.

(2) The same question has been dealt with by the Co-operative Enquiry Committee of 1936, who have also left it to each society to determine which one-third of its Directors should be ineligible to sit in the next committee.

(3) The proposed rule is applicable only to the societies situated within the limits of the headquarters of a Revenue Districts. It, therefore,

affects the Urban Societies exclusively and is, therefore, a matter on which the opinion of Urban Societies at the District Headquarters alone, is both relevent and proper. The opinion of other societies which are not affected by the proposed rule is not of much value. This subject was brought up by a member before the last Annual Co-operative Conference. It was a subject to be placed before the Urban Sectional Meeting, before it was brought for the consideration of the Conference. For there has been a standing rule which came into force after a long and strenuous fight by the delegates of the Urban Societies, that matters relating to Urban Societies should be first of all considered by the Committee of Urban Delegates in a separate Sectional Meeting, and their decision should be placed before the Open Conference as a matter of formality. The opinion of the Urban Sectional Meeting as well as of the Open Conference on these subjects should both be submitted to the Government.

But in the Conference held during September 1941 there was a deviation from this procedure in the case of this proposition, to suit the convenience of the President of the Conference; and so the subject was directly placed before the open Conference. Many persons who represented the Urban Societies opposed the proposition. There were many more persons who wanted to discuss the matter but owing to the pressure of time closure was applied, and it was declared passed by the Conference which consisted of nearly seventy percent of delegates of village societies. Even at that very moment there were a number of protests voiced by many delegates of the Urban Societies against the procedure adopted in the passing of the subject. Hence, as the matter was not considered exclusively by the Urban delegates in accordance with the established practice and rules of the Annual Conference, the resolution of the Conference is irregular and is not of any value. It was even announced by a delegate

at the Conference, that this proposed rule was rejected prior to the conference, by the Advisory Committee.

When the rule has, thus, been vehemently opposed not by a few people, but by the bulk of urban societies, and also, not once, but repeatedly whenever the proposal was published for the opinion of the public, it passes our comprehension, why the Government has been repeatedly pressing to have this measure enacted as a rule of law. The numerous exceptions with which the rule is hedged, as is evident from the very wide power of discretion given to the Registrar, proves conclusively that even the Government holds that the rule is not safe to be applied in the case of everyone of the societies within the specified areas. Instead of passing a general rule granting powers to the Registrar so wide and undefined that he " may, in the case of <u>any</u> society in which he considers that facilities for the enforcement of such restriction do not exist, permit <u>all</u> or <u>any</u> of the members of the committee to stand

for re-election " it is better not to pass the rule at all.

If there is not therefore any thing inherently harmful in letting some persons at the discretion of the Registrar, to continue to serve on the Committee without any time limit, it is likely that the proposed rule will only serve to disqualify some unfortunate individuals who do not win the favourable opinion of the Registrar regarding their usefulness to the societies. The discretion now contemplated to be granted to the Registrar, vests in him power to pass opinion about the merits of individuals and hence record favourable or unfavourable opinion regarding a worker. Such a power is sure to prove harmful to the movement since it gives a hand to the Registrar to determine who may or may not stand for reelection amongst the senior co-operators, and thereby influence the composition of the committee - a power which leads eventually to make managing committees consist of more

or less the Registrar's men or nominees, though in an indirect manner. It is not our idea to cast any reflection upon the Registrar in respect of the exercise of the powers. We are quite conscious that the Registrars intend to do whatever, in their opinion, is best for the Movement. They desire to see that the Movement prospers. But often the lack of sufficient grasp of the details of the working of the Movement makes them follow a course which may not be in the interest of the Movement. It seems somewhat unsafe to leave it to a single officer, the responsibility of determining good and bad workers in respect of hundreds of societies.

We have also another objection which relates to the reaction of such powers in the hands of the Registrar, on the Co-operators. The wide powers already enjoyed by the Registrar in respect of other matters has already spoilt the 'esprit de corps' amongst the co-operators. Originally when the co-operators' knew

that any difference between them and the committee or between committee members could only be squared up by their people used to accept the decision of the majority and adjust themselves to the policy adopted by the majority. There was no thought of fighting mutually and creating splits in committees, which unfortunately has become a common feature now a days. The members feel that any difference between themselves is a "dispute" under the Act and often have recourse to fight before the Registrar in the cases they file and this had led to the creation of party spirit and crystallisation of rival groups amongst the members who compete to secure seats on the committees for their own groups. Similarly if certain people succeed to secure exemption to stand again for re-election, and some others fail to get such a concession, the disappointed party tries his best to make his displeasure felt by the other one and there arises such a volume of internal friction that it soon developes into the

formation of opposing parties in the committees who neglect the interests of the institution, and prefer to fight out their own personal quarrels.

On principle also the vesting of power of discretion in the hands of the Registrar in matters pertaining to the administration and composition of the Executive Committee frustrates the development of the virtues of self dependence, self help and mutual harmony.

Again the societies in Urban areas already have a number of restrictions placed on them. A person cannot be a member of more than one society of the same kind without the permission of the Registrar. Even if one gets permission to be a member of more than one society of the same kind, he cannot serve on the committees of more than one of them unless he gets special permission of the Registrar. A person who works as a Secretary for three consequtive years is ineligible to stand for the post at the next chance, without the permission of the Registrar. Members of the Bar cannot serve on the committees if in

any legal proceedings they have instituted on behalf of a client the society happens to be even a formal party. They have lost the right to elect their own auditor except as a superfluous luxury in addition to the Auditor appointed by the Registrar. They cannot have more than fifteen hundred members. The proposed rule adds a further restriction to the right of members to select their Directors.

The committees have been more or less the sole places of training people for Co-operative service. There are no separate facilities for training men for co-operative service in urban societies. Since each one has only one society of which he can be a member and normally only one committee on which he can serve, very strenuous attempts are made to secure a place on the committee. The canvasing during elections, especially by those who are fresh candidates, has many undesirable features which are ignored if not winked at, as unavoidable in democratic organisations. In the event of the enactment of the present rule under which not only those who have

served for three terms of office dropout, but even others to the extent needed to make up the one third of the total, the committees will be mostly composed of people of insufficient experience and knowledge of the affairs of the society. There will be no scope for planning a scheme of development and working it out successfully. Such elimination of people of even three years experience will lead Directors more often simply to attend to the routine and carry on in the established groove only resulting in the stagnation of institutions.

It cannot be said that a man can do all he can to a society within the course of three years. There are numerous kinds of societies in the District Headquarters and also societies of various of dimensions. The problems that confront societies which have thousands of members, and eight, ten or even twenty lakhs of capital with a lakhs of deposit money, and worked by a full-time staff of twenty, thirty or even more of hands of various

grades of qualifications and responsibility, are far more complicated, difficult and delicate than the problems associated with smaller societies of a few hundred members and ~~ax~~ a small amount of working capital. Though a credit society is considered a simple organisation to work successfully, an Urbon Credit Bank ~~with~~ which on a miniature scale performs most of the functions of Joint Stock Banks cannot be run efficiently unless the persons at the head of the society are sufficiently well versed in the business. A consumer society has got even greater difficulty than a peoples bank, and when it combines, as many societies do in our province, banking also with stores section, the work becomes even more complicated. A marketing society which requires study of market conditions and knowledge of the trade commodity, cannot be run efficiently by any group that may be chosen, Especially in the non-credit field of co-operation, more of which is proposed to be developed, the difficulty of finding proper men is sure to be felt. What is the

91

good of turning out qualified persons simply because they have worked for three consecutive terms?

The new rule is made applicable to societies in District Headquarters only. Probably the idea is that as they are generally populous places, sufficient number of persons qualified to serve the movement can be easily secured in them. But in our state which has become industrially progressive there are places which are more populous than District Headquarters. The rule applies to Kolar though not to Robertsonpet which is far bigger than Kolar, to Shimoga but not to Bhadravathi, to Chitaldrug but not to Davangere or Harihar. There is little to distinguish Mandya from Channapatna. It appears anamalous that co-operatives in the smaller District Headquarters should labour under a disability which is not imposed on co-operatives in bigger places such as Chikballapur, Robertsonpet, Bhadravathi, Davangere and Channapatna. It transcends our capacity to understand the reason, if any, that the Government may have to distinguish between such places.

We have yet to see a society which has proved by its greater progress that a change of the kind now contemplated has conduced to its prosperity. Co-operation is still with us in its infancy and almost in an experimental stage. The development in the field is insignificant if we compare our achievements, if indeed we can use that word, with those in places where cooperation has been progressive. The Movement which can never be run by officers of the Government, but only by the people themselves, cannot be made to progress by putting obstacles in the way of cooperators to undertake the developement of their societies. It is no argument to say that if a man retires for a term, he can work again for a further period of three years. Indeed if one can be permitted to work for six years out of a period of seven years what harm is there in permitting him to work for the other one year as well! Is there a suspicion behind this proposal, that persons who are elected repeatedly to committees commit wrongs

which cannot be detected or exposed until they are removed from the administration? If that be the view, then what is the value of the audit now conducted by an officer directly appointed by the Registrar? What is the value of the power of inspection and the supervision that law demands the Registrar and his Assistant Registrars to exercise? Can the Registrar quote cases where he or his assistants are denied facilities to get at the records of the society, to find out instances of wrong or fraudulent actions of the committees? We may be pardoned for observing that there is practically no proper inspection and supervision of the urban societies by the officers of the department. If really the urban societies need protection from mismanagement, if any, what is required is not the elimination of longstanding public workers, but a separate Deputy Registrar solely to attend to the affairs of the Urban Socities.

Experience shows that most of the people who are once eliminated from the committees get rarely re-elected

93

except when they happen to be very outstanding figures in public life. The enactment of the proposed rule will atonce disqualify many of the Directors of more than two hundred society. It may be about five or six hundred of them drop out of the Movement most of whom possess long experience. At this time of war when co-operation is expected to make its own contribution to the service of the country, it looks very inappropriate to enact a rule that drives out of the field cooperators of experience and knowledge.

We may assume for the sake of argument that here and there we may find persons who, though undesirable, have been persistently continuing on the committees by so running the institution as always to have such members only as may vote for them or their group. But how many societies are there of such a kind and how many such bad characters! In order to correct a few people is it worthwhile that the whole body of more than two hundred societies with a working capital of nearly

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one crore of rupees should be put to hardship and difficulty?

The policy latterly followed by the Government of investing the Registrar with ever expanding powers of interference in the management of societies ~~are~~ at his discretion, is killing the initiative of the people and keeping away from the movement men of light, learning and enthusiasm to serve the Movement, since they resent being controlled in matters of detail by the department- a practice not to be found in democratically ~~governed~~ governed countries. By preventing reelection of a few people who may be enjoying the confidence of the members for some reason or other, the institutions will be practically allowed to be run by batch after batch of inexperienced men. It is now-a-days apparent that the bigger urban societies are looked upon more as centres of power and prestige rather than of service, and there are many who attempt strenuously to get into these societies in order that they may distribute their

95

patronage to those whose interests they desire to serve while they are in office. The institutions will be allowed to fall into the hands of groups who while in office will think of more propitiating men than safe-guarding the interests of the society. We live in an age when the people are keenly agitating for a transfer of political power to the hands of people. Some go to the length of remarking that latterly co-operative societies are being captured by politicians, and they are using the resources of the societies to strengthen their position by utilising the opportunities they get in the societies to come into contact with people, to enlarge their circle of supporters and strengthen the position of their political party. Already the elections in many bigger societies are being manipulated by certain persons who beforehand canvas for a majority groups of their own, to establish their party's sway in the society. The committees are now more or less controlled by one or two leaders, who manage by wide canvasing, to secure

a set of docile nominees to vote and act with the leaders. The committees have ceased to be groups of selected men, but only of nominees of leading members. In ~~the~~ such circumstances the elimination of some of the older men from the committees will remove even the semblance of opposition that may be existing now, and give a free hand to these politicians in the guise of co-operators, to have a free hand to act without any restraint. It appears to us that to secure a small advantage, if at all, a great harm is being done by the Government.

What is required now is not therefore elimination of older men from the committees, but rules defining the scope of committees to grant unsecured loans. If Directors when in office and their relatives, especially of the weaker ~~sects~~ Sex, are prevented from taking unsecured loans, and persons who are members of constituted political or local bodies such the Representative Assembly, Legislative Council, District Board, and Municipal Council of the town

97

are prohibited from being office-bearers of Co-operative societies, or made to cease ipso facto, to be office bearers the moment they are elected to any of those bodies, this scrambling for places on the committees will materially be reduced. And persons who really wish to serve the movement exclusively, will have a greater chance of serving the societies.

Again assuming that the societies need elimination of senior men on the committees the evil, if any, comes only when then can command a majority on the committee. If a rule is enacted reducing them to a small minority the disadvantage, if any, of having them on the committees will be avoided without at the same time losing the advantage of their experience. Therefore if the Government should at all feel that they must pass a rule more or less on the lines now proposed, it may add a clause in place of the proposed new clause, as follows:-

> " And that if there are more than one-third in the newly elected committee who have been consecutively for five terms or more on the committee, those in excess of one-third shall be replaced by others amongst the candidates, who secure the next lower vote"

In this connection it may not be irrelevant to quote an extract from a co-operative authority. F.Hall, M.A., B.Com., Adviser of Studies ~~of~~ to the Co-operative Union of Great Britain and Ireland, has observed in his preface to the book "Handbook for members of Co-operative Committees (1931)":-

> " The members of a Co-operative society constitute a somewhat fickle electorate and personal matters and issues of the ~~movement~~ moment - as well as the pernicious rules fixing time limits for committee members - often lead to the setting aside of committee members of experience and sound judgment who have rendered and are still capable of rendering good service to their societies. The most efficient person is not necessarily the one who will be elected at a members' meeting."

Advocate
Typed
10-4-1962

3714
A 27

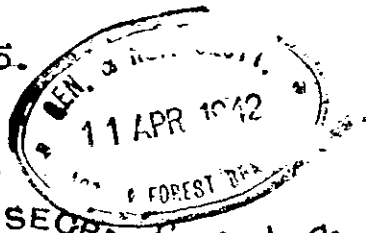
ESTABLISHED IN 4-8-1934.

The Central Paddy Co-operative Society Ltd..

MYSORE.

No. 285.

Dated 10th April. 1942..



C.S. 174-27

99

To

GENERAL SECRETARIAT
11 APR. 1942

General Secretary.

To The Government of Mysore.

Bangalore.

Dear Sir,

The Board of Directors of The Central paddy Co-operative Society Ltd., Mysore, have passed the following Resolution as regards Draft Rule 6(B) published in the official Gazette dated 12th Feb. 1942 at their meeting held on 31-3-1942.

" Resolved that objection may be sent stating that it is not in the interest of the Societies concerned."

So far as a Society of the kind to which ours belongs is Concerned, it is evident that it can thrive only in urban areas as it has to Command a Market for its produce ~~realised~~ realised readily and profusely. Marketting is a matter of personal Skill and Experience, which is learnt by

training and experience, and is not inborn in man, and found in one body and everybody. The power vested in the Registrar to make exception in the case of particular Societies is not sufficient guarantee as the discretion is more a case of personal opinion than of any established principle. what opinion a Registrar may hold at a time, may not be followed by his successor in office. The Registrars will more often be inclined to use their power sparingly rather than freely, and therefore the Chances of Securing exemption will be few and far between. The war situation requires that the experience of long-standing Co-operators are now centralised and mobalised to help people to organise themselves to ward off the hardship, that is pure to overtake the population when large scale Industry is either upset or damaged by the course of war. The proposed amendment seems also to be very ill opportune even if otherwise proper, which however it can not at all be.

ESTABLISHED IN 4-8-1934.

The Central Paddy Co-operative Society Ltd.,

MYSORE,

No. .....

-2- Dated ..... 194 .

The rule will therefore hamper the progress of Societies rather than help to build them up. There are some of the Considerations that make this Society oppose the proposed Draft Rule

Yours faithfully.

Hon. Secretary.

3713
A27

PHONE NO. 2304

The Bangalore Central Co-operative Bank, Ltd.

102

1, CENTRAL BANK ROAD

CHAMARAJAPET, BANGALORE CITY

NO. 4919
ENCLS.

Dated 11th April, 1942.

CS.17-41-28

FROM

H. NANJUNDIAH, ESQ., B.A., B.L.,
District & Sessions Judge,
President,
THE BANGALORE CENTRAL CO-OPERATIVE BANK, LTD.

BANGALORE CITY

TO

J. ARPAJI GOWDA, ESQ., B.A.(Hons.),
General Secretary to Government of
His Highness the Maharaja of Mysore,
B A N G A L O R E.

Sir,

Adverting to Notification No.A.F.3915-C.S. 17-41-16 dated Bangalore, the 5th February 1942 and published in the Mysore Gazette of the 12th February 1942, inviting suggestions and objections to the proposed amendment to Rule 6-B of the rules framed by Government under the Mysore Co-Operative Societies' Act, I have the honour to state as follows:--

1. Co-Operative Institutions are democratic Institutions and Government have framed the Co-Operative Societies' Act and promulgated rules thereunder, which lay down the lines on which Co-Operative Institutions must be worked.

2. Government have employed their own agency to effectively check and satisfy themselves, that Co-Operative Institutions are worked on the lines indicated in the Act and Rules and the Registrar of Co-Operative Societies is vested with vast powers in this behalf.

3. Rule 6-B, as it is, makes provision for not less than 1/3rd of the members of the Committee of Management being replaced by persons who have not served at any time during the previous year and therefore there is ample scope for new members to enter into the Management at each annual election.

4. It is an admitted fact that in Mysore there is a paucity of honest and selfless workers and this is presumed to be the main cause for the Non-progress of the movement in Mysore.

5. It is pointed out that the restrictions placed in Rule 6-B, and its proposed amendment will keep out the best men available in the societies for service therein though such men may be willing or be induced to serve the Institutions and better the position and out look of such institutions.

6. It is not known why there should be a bar against any person or persons from standing for election to the Committee of Management if such person or persons have enjoyed the confidence of the Share-holders in the past and continue to enjoy the same.

7. The long continuance of a member on the Committee of Management is itself a proof of the confidence reposed in him by the General Body and the usefulness of his service to the Institution.

8. Deposits and business are to a large extent attracted by the personnel of the Directorate.

9. Restrictions under Rule 6-B are clearly taking away the inherent rights of the Proprietors (Share-holders) of the Institution to choose the men in whom they have the greatest confidence to manage the affairs of the society.

10. Gradual elimination of disinterested workers from being eligible to stand for elections as restricted by Rule 6-B may bring in a panel of candidates whom the General Body may not care to elect but are forced to elect.

11. If unfortunately the management of the societies should fall into inefficient hands-chances, there certainly are for this state of affairs coming into being under the present circumstances -- the good work done by disinterested workers is undone and that will be a positive set back to disinterested men taking up the work again and even then the task of setting right previous mistakes may be hereulean.

12. The restriction now proposed to be introduced is positively to put a discount on the free choice and voting of the Share-holders in respect of persons whom they want to entrust with the Management of societies.

104

For the above reasons, I am to request that the Government may be pleased not to promulgate the proposed amendment to Rule 6-B.

If for any reason, the Government should feel that the promulgation of the amendment is necessary, I am desired by the Board of Management of this Bank to request you to kindly exempt this Bank from the operation of Rule 6-B or its proposed amendment for the following reasons.

The Bangalore Central Co-Operative Bank, Ltd., though for statistical purposes is treated as an Urban Bank, has jurisdiction over the whole of Mysore State and its members and loans are spread over the whole State. The majority of the loans outstandings are agricultural loans issued to agriculturists for improvement of lands and discharge of prior encumbrances mainly intended to give relief to and better the condition of the agriculturists of our State. In addition, there are still 47 primary co-operative societies indebted to this Bank to an aggregate sum of Rs.3 lakhs. It may therefore be seen that the actual working of the Bank is a double function comprising the object of both the Central Land Mortgage Bank and the Mysore Apex Bank, the two Institutions exempted from the operation of the proposed Rule 6-B.

It may not be irrelevant or out of place to note that when Government passed Rule 6-C relating to multiple membership, it was pointed out to Government that this Bank, though classed as an Urban Bank, was performing the functions of both the Land Mortgage Bank and the Apex Bank and soughtexemption from the operation of Rule 6-C. The Government after examining the case were pleased to grant the exemption in their Notification No.A.F.3448-C.S. 51-39-4 dated 11th January 1940.

Should the Government feel it necessary to promulgate the proposed amendment to Rule 6-B, the Government may be kindly pleased to exempt the Bangalore Central Co-Operative Bank, Ltd.,

Bank, Ltd., from the operation of the proposed Rule.

I have the honour to be,

Sir,

Your most obedient Servant,

PR/BNK:

PRESIDENT.

3715

THE GRAIN MERCHANTS' CO-OPERATIVE BANK LTD. NEW THARAGUPET BANGALORE CITY

Bangalore City.
11th April 1942.

1272

To
The Secretary
To the Government of H.H.The Maharaja of Mysore,
General Department,
Bangalore.

GENERAL SECRETARY. 11 APR. 1942

Sir,

With reference to Noticification NoAF3915-CS 17-41-16 dated the 5th of February 42 and published in the Mysore Gazette of 12-2-42 inviting suggestions or objections to the proposed amendment to Rule 6-B. of the rules framed under the Mysore Co-operative Societies Act, we have the honour to state as follows:-

1 That it is the aim of the benign Government to make the Co-operative institutions in the state self governing bodies and for this purpose have framed the Co-operative societies Act under which Co-operative Societies should work.

2. That unlike the Registrar of Joint Stock companies, the Registrar of Co-operative Societies is an executive officer, having powers to appoint auditors to check the accounts and arrange for supervision of the working of the societies. He has been invested with ample powers to guide the working of the societies and check malpractices.

3. Under Rule 6-B, it has been made compulsory, that, at each annual election of Directors, that not less than one third of the total number of members of the committee shall be persons who have not served at any time during the previous years on the committee of management. Thus scope has been made for replacing the old members annually.

4 That even in societies which have jurisdiction extending the whole of District Headquarters, it is very difficult to get honest self-sacrificing gentlemen to come forward to serve on the committee of management.

5. That the members of societies in District Head Quarters are sufficiently educated to elect respectable and self-sacrificing members in whose hands the affairs of the society is safe. The difficulty of getting honest and straightforward gentlemen is more keenly felt by sectarian societies which have limited

jurisdiction like, the Grain Merchants' Co-operative Bank which draws members from the merchants dealing in grains.

6. That deposits and business that societies attract are largely due to personal of the Directorate.

7. That the continuance of certain members on the Directorate of a Society is mainly due to the confidence the members entertain regarding such members, and if these members are debarred from continuing as - Directors as per restriction that will be imposed under Rule6-B, the confidence enjoyed by the society will be affected and will create an opportunity for mediocre persons getting into the directorate.

If for any reason, the Government should feel that the proposed amendment is necessary, this Bank humbly requests you to kindly exempt it from operations of the proposed amendment to Rule 6-B, for the simple reason that it is very hard to find self-sacrificing men who find time to attend to the management of the Bank since many of the members are directly engaged in the management of their business.

We have the honour to be
Sir,
your most obedient servant,

For The Grain Merchants' Co-operative Bank, Ltd.,

Manager.

3716
A47-1

No.2830-C.S Dated 11-4-1942

Comptroller's Office Co-operative Society.
Bangalore, dated the 11th April 42.

C.S. 17-41-30

To

The General Secretary
to the Government of His Highness
the Maharaja of Mysore,
Bangalore.

Sir,

Re: amending Rule 6(b) of the Rules issued under the Mysore Co-operative Society Act, (VII) of 1918.

==========

Adverting to Government Notification No.AF.3915-CS 17-41-16 dated the 5th February 42, published in the Mysore Gazette dated 12-2-42 on the above subject, I am directed to state that the Committee of Management of this Society feel that a general rule laying down that any member cannot serve on the Committee of Management consecutively for more than 3 years is quite un-necessary, since there are already other restrictions in the Rules and Bye-laws to ensure that some new members are elected to the Committee every year. The issue of the proposed rule is also not desirable as it may sometimes deprive of the Society of the services of members who may be doing valuable gratuitous service for the Societies.

2 So far as the Comptroller's Office Society is concerned it is to be stated that according to Bye-law, the Financial Secretary and the Comptroller are Ex-officio Adviser and President respectively As they are also included in the Committee of Management, the proposed rule will work as a great hardship to this Society. The same may be the position in other Departmental Societies also.

3 In these circumstances, I am to request that the proposed alteration need not be approved and that even if it is found to be necessary, the Departmental Societies may be exempted from the

operation

operation of the amended rule.

Bangalore
Dated 11-4-42

I have the honour to be,
Sir,
Your most obedient servant,

Hon. Secretary.

Comptr's Office Co-operative Society
Bangalore.

3726
A&F

From

C. E. Rama Rau, Esq., B.A.,
Retired Registrar,
General & Revenue Secretariat,
54, Sankara Mutt Road,
Sankarapuram,
Basavangudi P.O.

C. 12-41-31
10

REC'D. SECTT.
17 APR. 19[illegible]
WEST BRANCH.

To

The Secretary to Government,
General Department,
Bangalore.

GENERAL SECRETARY.
13 APR. 1942

Sir,

With reference to Government Notification No.A.F. 3915-C.S.17-41-16 dated 5th February 1942 published in the Mysore Gazette dated 12th February 1942, calling for objections and suggestions to the amendment proposed to Rule 6-B of the Mysore Co-operative Societies Rules, I beg leave to submit that the proposed amended Rule is most welcome in the larger interests of the Co-operative movement. There is the complaint that even after forty years of organisation, the movement is controlled by a few individuals who are unwilling to give place to fresh blood. It must be realised that the co-operative movement is a people's movement and its ultimate success depends entirely on the efforts of all the members, severally and jointly, and not a few out of them. There must be a constant stream of trained men to run co-operative institutions in order that the death, illness, disloyalty, dishonesty, or other failures of a single individual may not work as a set-back on the societies. For this, the voluntary retirement of hard boiled co-operators is necessary, and a self-denying ordinance on their part will enable younger men with ideals and ideas to occupy the key organisational positions in the movement and in the absence of such voluntary retirement, the only alternative to save the movement from being monopolised by a few individuals is the promulgation of such a rule as is now contemplated. Dr. W. Mackenzie Stevens, Phd., C.P.A., once Principal

CAB

Principal Organisation Expert, Federal Loan Board, U.S.A., and now Adviser on Co-operation to the Government of the Chinese Republic, writes about the dangerous effects of the monopoly in the management of a society in the following terms:-

"Human nature being as it is, it is likely to be only a question of time until these individuals use the society primarily for their own purposes".

2. Even the best of auditors cannot find out cases of nepotism on the part of the members of the committee. It is only by a change of the personnel of the committee that frauds and cases of nepotism will come to light.

3. Of course there is bound to be the usual cry against the rule, that it would affect the continuity of policy pursued by the members of the committee. But the cardinal factor in a co-operative organisation is that the policy and objects of the society should be clearly enunciated in the byelaws and subsidiary rules passed by the general body and not left to the whims and caprices of the individual members of the committee. In fact, the byelaws of several societies provide ample safeguards in respect of the policies of the societies and a change in the committee does not and cannot mean a different policy in the society.

4. The proposed amendment to the rule with the modifications suggested above may be promulgated very early so that the temptation to nepotism, which has been to a large extent undermining the foundations of many societies may be removed and they may be put on the road to progress and efficiency.

5. The necessity for the proposed rule was discussed at the last Mysore Provincial Co-operative Conference held in September 1941 and the large body of co-operators from all over the State came to the conclusion that such a rule was

was very necessary and the proposition was passed by a majority. Rule 6-B as it exists at present requires that at least a third of the committee members should consist of persons who had not served on the committee during the previous year. But the two-thirds can remain on the committee without any break and it has been found by experience that the one-third of the committee that go out each year are those who have been on the committee for the shortest periods, thereby defeating the very object of the Rule. One of the persons who opposed the proposition in the above referred to Conference, opined that by bringing in new members on the directorate there was the fear of putting a break in the smooth running of the institutions as there would not be continuity of policy. Such an idea of monopoly of management is against all principles of co-operation. Every member of a society has a right to serve it, subject to any limitations that may be placed by the rules or the byelaws. The one way of safeguarding this right is by putting a stop to monopoly.

6. While supporting the proposed amendment, I wish to offer the following suggestions for the consideration of Government:-

(i) The first para of the Rule may be recast as hereunder:

"The management of every society situated at District head-quarters shall vest in a committee consisting of not less than five and not more than fifteen members as may be fixed in the byelaws of the society. The members of the committee shall be elected annually in accordance with the rules of election framed under the Mysore Co-operative Societies Act. The bye-laws of such societies shall make provision to ensure that not less than one-third of the total number of members of the committee shall be persons who have not served at any time during the previous year and that no person shall be eligible for re-election to the committee of management if he has served on the committee consecutively

consecutively during three terms of office of the committee immediately previous to the election".

The slight modification is proposed with a view to make it clear that the byelaws should fix the strength of the committee and the election should be conducted in accordance with the Rules of election.

(ii) The word 'the' in the last line of the 3rd paragraph of the rule before the word 'rule' may be changed to 'this'.

This change, it is submitted, will make the meaning clear.

I beg to remain,
Sir,
Your most obedient servant,

C E Ramakrishnan

Bangalore,
11th April 1942.

1) The Kolar Cooperative Society Ltd

(5) The rule is obtuse to all democratic principles. Here is, in the provincial rule, ample provision for new elements to come in and acquire experience. It will take away the enthusiasm of selfless workers. The coming in of new members without the confidence of the general body may result in the ruin of the society. The rule does not provide for a contingency in the absence of the required number of candidates and there is no time to obtain the permission of the registrar. To avoid any clique being formed there are sufficient safeguards in the Coop. Dept.

2) The Mysore City Cooperative Bank Ltd.

Quote the recommendation of the Committee on cooperation stating that there should be free choice in the selection of members. As a safeguard against the continuance of the same committee for long period, but to ensure the advantage of experience continuity of working provision should be made for the compulsory retirement by rotation of a certain proportion of members (between a third and a fourth) every year and their replacement by new members. The method of election being left to the society. Here the Committee objects to the continuance of the Committee for more than two years but not to a part of it.

In urban societies, the whole object lesson depends, the interest of both members and non-members have to be safeguarded This requires the presence of men of long experience capacity, record of good work to improve confidence in the depositors, and to keep a continuity of policy. While electing the members it is not necessary to exclude those whose standing is longer. To restrict the choice of the general body to electors who obtain the highest number of votes will be undemocratic and would be against the recommendation of the Committee. If persons who could by obtaining longer number of votes, get elected, are debarred, the society will have to be managed by those in whom the general body cannot have the larger confidence As there has not been much change since the framing of the Rule 6B no amendment at present proposed is necessary

Re the wording of the draft — the rule says that the members so to retire shall be those who have been longest in office since their last election. When all the members are of equal standing since their last election it is only by lot that a third or any number nearest has to retire. Whether a retiring member is debarred from election for all future elections or only in the immediate next is raised. Whether a person who is on the Committee for 10 Consecutive years or a period who is there for 11 years in intermittent periods is considered longest in office

The experience gained by a member would become stale by the change caused by the interval the Mysore Committee have not recommended that a member's not eligibility should be extended after three years.

Talwar is of opinion that it is a mistake to assume that in an association formed on democratic basis all the members will have an equal share in the management

and that time for the personnel of the Committee should be changed. It is possible that all the members may become disqualified for election in the 4th year, leading to the danger of all new members taking up the work entirely on previous experience new office bearers being never a chance of which is likely to occur. This danger has to be avoided.

The resolution moved by the Provincial Govt was irregular in as much as the resolution should have been first passed by the urban section of the Conference as it affects only them. and then taken to the general conference. The provision for exemption leads to personal favouritism and disfavour and it is desirable to avoid this altogether.

3) Bangalore City Cooperative Society Ltd

The amendment serves as a memorial to cooperators for securing their services. The members of urban societies are sufficiently educated as not to elect undesirable men. The bye-laws of the society has made the period of election under their Rule 6.B. Hence the present rule imposing a further restriction on those experienced members would not be fair. The resolution of the Provincial Conference was ultra vires as the matter had to be placed before the urban section first - which has not been done. The grounds of objection are given in Para 4 of the letter. Even Bombay & Madras have not framed such a rule. Especially, in present times, when large stocks are to be held, the confidence of the members in the society is a necessity and the success depends upon the personal influence and experience of long standing members commanding the confidence and loyalty & regard of the members of the staff.

4) Mysore Cooperative Institute

There is hardly any justification for circumscribing the freedom of Choice in the case of societies at the HQ quarters which are working satisfactorily and whose members are generally educated and intelligent. The proposed amendment is a double disqualification which appears to be contrary to the recommendations of the Committee. The proposed rule will keep out experienced Cooperators from responsible office, which is not desirable.

5) Bhimavaram Co-op. Stores.

The present bye-laws of the Stores provides for the elimination of five persons getting the least number of votes. The variety and nature of business both Stores + banking with the management of the office with nearly 60 men requires a good deal of previous training. The absence of men with sufficiently long experience, on the Committee, frequently the recovery of dues of the ex-members and consequently the bad debts and the business mostly in the hand and close contact with the subscribers. The proposed rule leads to stagnation and deterioration and does not help the

development. The Statement shows that there is no hardship at all at present. Except the adoption of the rule as amended by them.

6 Mysore Cooperative Society Ltd

The amendment is undemocratic in principle

The resolution of the Hon. Cooke. Carpe was also in as the same did not commend by the urban section of the Conference. to which it mostly relates

7) The Bhimavaram Cooperative Bank Ltd

Essentially undemocratic in principle taking away the freedom of choice from the electorate. It is in the nature of the Committee of management that the confidence of the public stands. The Scheme adopted by the Bank is a happy ~~Combination~~ Compromise of the two ideas viz freedom of choice and the entry of fresh blood in the Society the question of elimination has to be considered in the interests of the Society and not as a matter of privilege of the member while knowledge and experience are necessary for every work and in every field, it looks as though, in the co-operative field, knowledge and experience for a period exceeding three years either under or doubtful. There is no double restriction in any other field e.g. the R.A. the L.C or the municipality. If necessary Govt may amend Rule 6A by making it applicable to the Presidency also. and the Committee ~~address~~ members with not holding office may not be minded with suspicion and distrust when the electorate in the Dt Headquarters are sufficiently educated there is no necessity either for the rule or for the amendment. The elimination of a large number of experienced men with stable the confidence of the public and the leaders of the Society hopes "so long as the responsibility for the proper working of the institutions is laid down on the shoulders of the non-officials and vast and detailed power of direction and control over the movement are vested in the official agency, there is no genuine scope for non-official initiative and enterprise in Co-operation The amendment is fraught with mischievous potentialities

numerous Panchayats

8 The Cooperative Federal Union Ltd

welcome the rule-proposed

9) Mr. G. Lewis & others Mysore

The resolution framed by the Hon. Carpe was also in because it had not been placed before the urban section of the Conference Despite of the benefits of urban societies, the rule is being framed Instead of being more known to the Registrar it is better that the rule is not framed at all. The rule gives vast power of favour or disfavour to the Registrar and acts as a handicap to them who do not win the favour of the Registrar and have a hand in the Composition of the Committee by electing Registrar's men as their

harmony in an undesired manner or is unsafe to leave it to a thick office the responsibility of determining good and bad workers of Secretary

The vast powers given to the Registrar have stifled the esprit de corps among Cooperators and has led to the crystalisation of rival groups among members to secure seats on the Committee and to the formation of the opposing parties in the Committees to the neglect of welfare of the society in general. The vesting of power in the Registrar & in the Committee of the executive frustrates the virtues of self dependence self help and mutual harmony. This is an additional restriction. By the proposed rule the Committee with Consist of people of insufficient experience and knowledge of the affairs of the society. The elimination of leaders of even three years experience will make the direction attend to the routine work thereby leading to the stagnation of the society. The continuity of policy which is essential to the development of banking - trade - supply and marketing - is destroyed by the rule. The application of the rules only to DC Headquarters and not to other important places outside it makes it hard on small District Headquarters and creates an unnecessary discrimination between several places. There is practically no proper supervision and supervision of the urban societies by the officers of the Dept and the societies have never failed to give the facilities either to the Dept or to the auditors. It is inappropriate to frame this rule at this stage of emergency and war when the active Cooperation of persons with vast experience and knowledge is necessary. For the sake of few bad societies it is not safe to put all societies to hardship and difficulty. The elimination of the other element will lead to the capture of seats by the political parties nowadays and come in the way of the healthy development of the ~~non~~ non-political character of the movement. The suggests the addition of a proviso to the proposed rule

10) The Central Paddy Society Region.

The proposed rule places the marketing societies in a disadvantageous position as the societies in particular require persons with long tenure, training + experience to have a continuity of policy. The power vested in the Registrar is not beneficial from the discretion is more of a personal nature - with likes and dislikes than on any established principle.. and there is very little chance of securing exemption. The present situation requires the mobilisation and centralisation of the experience of the long standing Cooperators for organising themselves to ward off the hardship. The proposed rule is therefore very inopportune

Mr. Bowerman, Central Co-operative Board Ltd.

Co-operative institutions are democratic, and time is [illegible] done for in the existing rules for new members to come in. Due to paucity of hands and lifeless workers, the movement has not progressed. If the present rule is adopted, the best element available will be kept out. Practical manager of a society for a short time is done to the confidence of the electors. The running of a society depends largely upon the [illegible] Committee of the directorate. The absence of proper men will result in the power of inefficient hands. Lead to a pail for set back to the progress of the Society. Puts a discouragement for a change of members and the Central body is forced to elect such a body as it may not choose to do. If this rule is adopted, the Central Board may be empowered to grant the operation of the provision in the same way as the exemption from rule 6 c

11) Mr. Grain Merchants Co-op. Board Ltd

Practically the same as those moved by the Central Co-op. Board

12) Comptroller's Office Co-operative Society

The proposed rule depends the loyalty of the servants of members who are doing valuable gratuitous service for the Society. The proposed rule will work as a handicap to Departmental Societies requiring that Departmental Societies may be exempted from the operation of the rules

13) Mr. C. E. Newman Ltd

Favours the amendment. His argument is that the movement which is controlled by a few individuals unwilling to give place to other young men should cease. There must be a stream of trained workers. To avoid a set back on Society in the [illegible] particular individuals are not in office. For this the voluntary retirement of hard bitten Co-operators is necessary by the passing on themselves a self denying ordinance. The proposed rule will remove the members by a few individuals. A Chairman motive is such that it is a question of time until these individuals are the Society principally for their own purposes. Frauds and defalcations will not come to light by the continuance of the same set of people. It is only by a change that this can be done. The policy and objects of a Society should be left to the by-laws and to the subsidiary rules framed by the general body and not left to the whim and fancies of the few individuals of the Committee. The personal experience shows that the men there who now do not care those who have served the Society for years objecting the very object of the Rule. He suggests certain modifications in the rule to avoid inconsistencies

Appendix F G—1]

SUBJECT .....

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114

Section 6A

File No. 17-41

Serial No. 40

No. AF 22643

Diary No. of letter replied to.....

To

The Secretary GA.

Sir

General and Revenue Secretariat

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the ·193 .

With reference to the Correspondence ending with your U.O note No 3138/Est. dated the 21st Sept 1942 on the question of amending Rule 6B of the Rules under the G.S. Act. I am directed to state that the amendment of the rule may be dropped ~~with the Circumstances mentioned~~ for the present. I have etc

Date of issue 26-10-42

Signed by M.D.K.M.N.

by 21/10/42 Secretary

List of enclosures.....

Copied by .....

Examined by.....